INTEGRATED ANNUAL REPORT 2020

RFA
Road Fund Administration
Funding roads, steering growth.

ABOUT OUR THEME

'Our road to excellence: sustaining a culture of excellence'

Excellence is never an accident, but rather the result of intention, sincere effort, strategic planning, and skilful execution, supported by a vision of seeing obstacles as opportunities.

The Road Fund Administration (RFA) has successfully concluded the 2014 - 2019 Strategic Plan, which set the foundation and paved the way for the new Integrated Strategic Business Plan (ISBP) 2019 - 2024.

Our road to excellence is a continuous journey. The excellence in performance during the concluded strategic plan period is underscored by revenue growth from N$1.6 billion to N$2.6 billion, representing a 64% increase. The asset base grew from N$556 million to N$1.2 billion, with a financial turnaround from a deficit to a surplus of N$240 million. The organisation has since the FY 2014/2015 received an unqualified audit opinion. The geographical footprint grew from 13 offices to 20 throughout the country. A total of N$68 million was invested in the construction of 55 staff houses at 14 border posts.

Since inception, the RFA has invested more than N$20 billion in road infrastructure. Namibia, ranked number one in Africa and 21 in the world in terms of quality of road infrastructure.

Our culture of excellence is an attitude endorsed by the men and women of the RFA who collectively aspire towards a high-performance culture and excellence in service-delivery.

OUR BRAND PROMISE

To give all of our customers an effortless and seamless customer experience.

OUR BRAND POSITIONING

We drive Namibia's progress through funding road infrastructure maintenance that connects people and businesses, thus enabling economic growth.

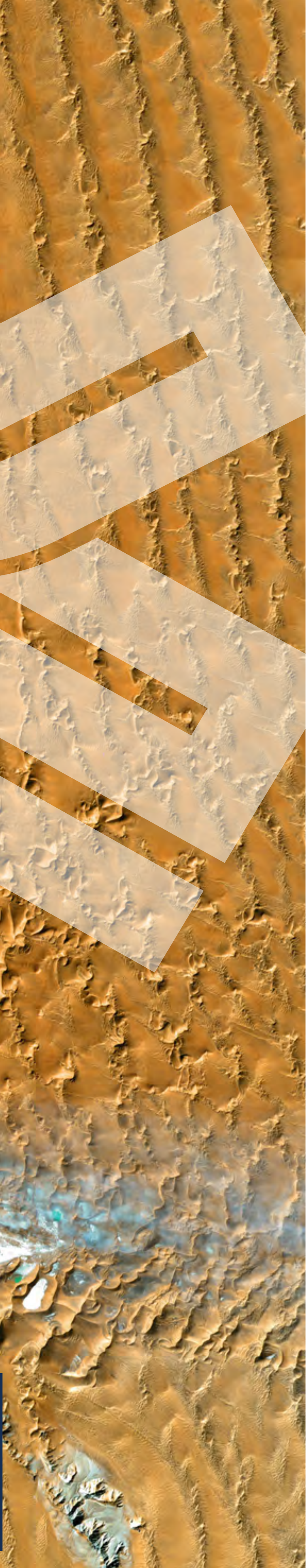
OUR LOGO

Roads carry an emotional resonance. They stir up feelings of freedom, adventure and excitement. They represent progress, carrying us forward into the future.

Our logo was inspired by a bird's eye view of roads, highways and intersections - creating an abstract shape that symbolises movement, progress and connection.

OUR SLOGAN 'Funding roads, steering growth'

Our slogan reminds our stakeholders of what it is that we do and what value we offer as an organisation.



CONTENT

RFA

INTRODUCTION

We are pleased to present our 2020 Integrated Annual Report for the year ended 31 March 2020.

ABOUT OUR INTEGRATED ANNUAL REPORT

SCOPE, BOUNDARY AND REPORTING CYCLE

This integrated annual report is written primarily for our shareholder and stakeholders, and seeks to demonstrate that the Road Fund Administration (RFA) has the appropriate strategy to serve its purpose to manage the Road Fund and Road User Charging System (RUCS) to secure and allocate sufficient funding for a safe and efficient road sector in Namibia, thereby creating value to the broader economy of Namibia, its stakeholders and all road users.

As outlined throughout this report, our 2019 - 2024 Integrated Strategic Business Plan (ISBP) and management practices are informed by a sound appreciation of the critical relationships and resources that the RFA depends on to create value.

Information relating to the business model, operating context, material risks and opportunities, as well as governance and operational performance for the period 1 April 2019 to 31 March 2020 is provided.

The reporting process has been guided by the principles and requirements contained in International Financial Reporting Standards (IFRS), the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework <IR>, and the Corporate Governance Code for Namibia (NamCode).

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements with respect to the RFA's financial position, results, operations and business. These, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond the RFA's control. Consequently, all forward-looking statements have not been reviewed or reported on by the RFA's auditors. Forward-looking statements made on 31 March 2020 were informed by our business plans and economic forecasts before the outbreak of the COVID-19 pandemic in Namibia and globally.

APPROVAL AND ASSURANCE

The Board acknowledges its responsibility to ensure the integrity of the integrated annual report and believes it provides stakeholders with an accurate and balanced view of the RFA's strategy, past performance, and future prospects, and addresses the material issues faced by the organisation.

The annual financial statements where audited by Grand Namibia and approved by the Board on 13 August 2020.

Penda Ithindi
Board Chairperson

Ali Ipinge
Chief Executive Officer

OUR

BUSINESS MODEL (2019 - 2024)

HOW WE CREATE VALUE

KEY PARTNERSHIPS

- Ministry of Finance
- Ministry of Public Enterprises
- Ministry of Works and Transport
- Ministry of Urban and Rural Development
- Roads Authority
- Local Authorities
- Motor Vehicle Accident Fund
- Walvis Bay Corridor Group
- National Road Safety Council
- NAMPOL - Traffic Law Enforcement
- ARMFA
- National Planning Commission
- Namibia Ports Authority
- NCCI

KEY ACTIVITIES

- Revenue collection
- Revenue optimization
- Funding determination
- Monitoring and evaluation

KEY RESOURCES

- Skilled management team
- Motivated and engaged staff
- Innovative technology
- Strong balance sheet
- Low cost delivery channels

CUSTOMER RELATIONSHIP

Promise to give all our customers an effortless and seamless customer experience.

We pledge to adhere to and go beyond expectations with regards to Customer Service at the RFA

CHANNELS

- Electronic communications
- Social media and contact centre
- Online and branch payments
- Branch deliveries
- Customer surveys

CUSTOMER SEGMENTS

- Light vehicles
- Heavy vehicles
  - Local
  - Foreign

VALUE PROPOSITIONS

- Best cost service provider
- Value for money
- Effortless and seamless customer experience

RFA
Road Fund Administration
Funding roads, steering growth.

COST STRUCTURE

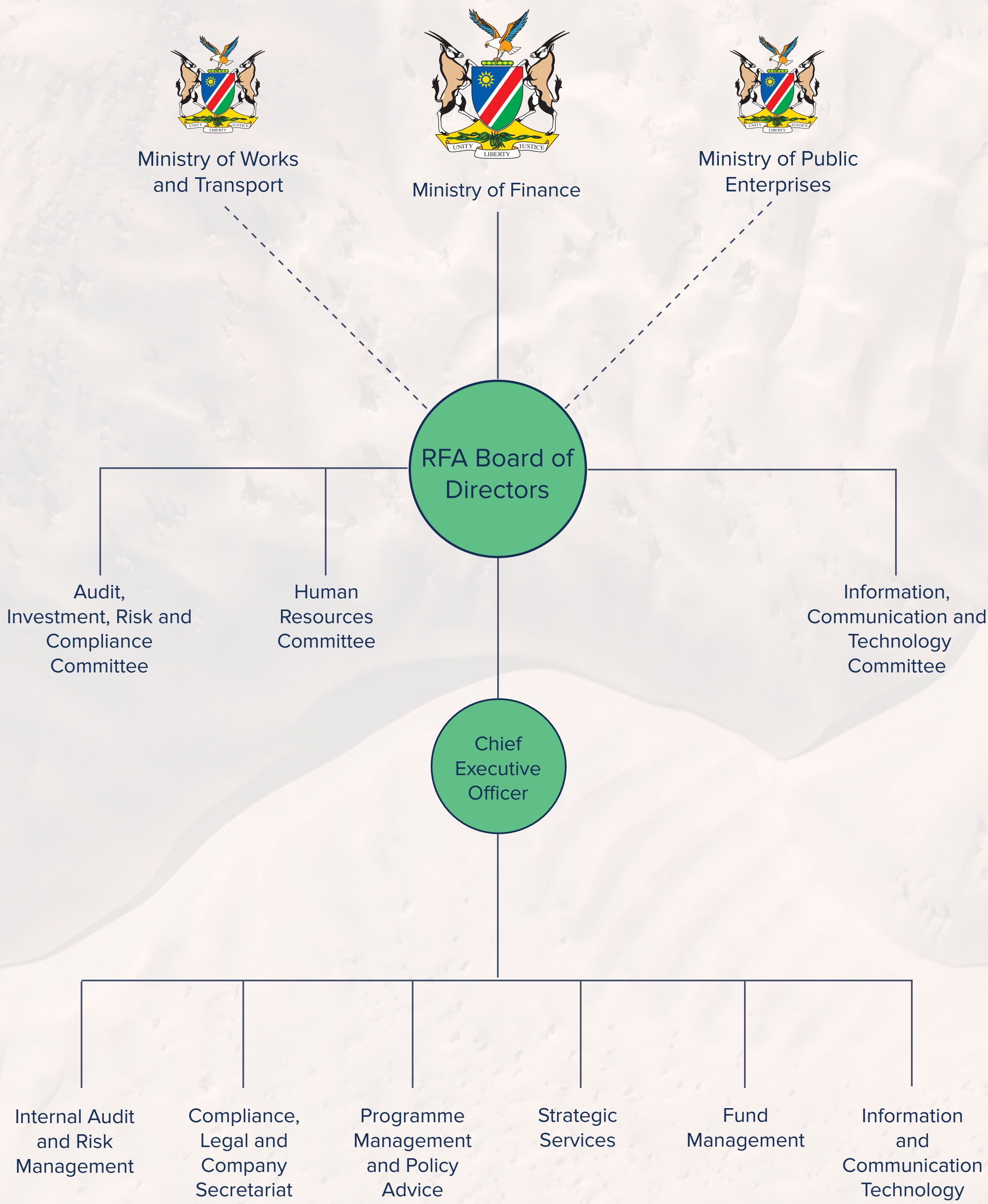
Road Maintenance	N$5,318.4m
Administration	N$3,789.1m
Strategy Implementation	N$203.7m

REVENUE STREAMS

Fuel Levies	N$6,569.4m
Vehicle Licence Fees	N$3,709.8m
Mass-Distance Charges	N$866.2m
Cross Border Charges	N$610.1m
Abnormal Load Fees	N$55.6m

OUR

CORPORATE STRUCTURE



OUR
STRATEGY AT A GLANCE

STRATEGIC THEME 1

ORGANISATIONAL SUSTAINABILITY

GOALS

FUNDING

By 2024, the RFA should have achieved 65% of optimal funding to the road sector

PERFORMANCE

By 2024, inculcate a performance culture with an institutional performance score of 4.0

STRATEGIC THEME 2

STAKEHOLDER SYNERGY

GOALS

GOVERNANCE

By 2024, RFA should have promulgated secondary legislation and be reputable for unquestionable governance practices

SATISFACTION

By 2024, achieved and sustained a 90% overall stakeholder satisfaction rating by adopting a stakeholder value approach

STRATEGIC THEME 3

INNOVATION

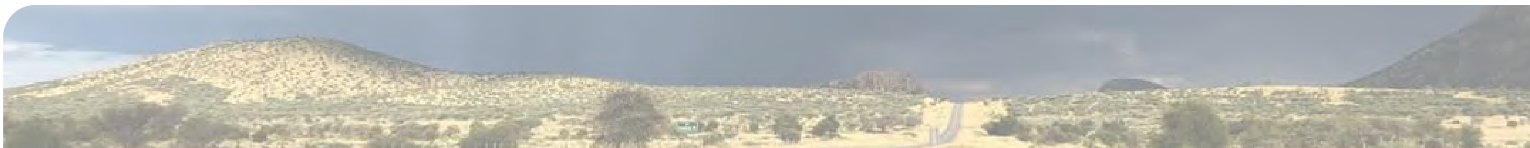
GOALS

By 2024, Namibia ranked number 25 in the Global Road Sector Competitive Index

ABOUT THE
ROAD FUND ADMINISTRATION

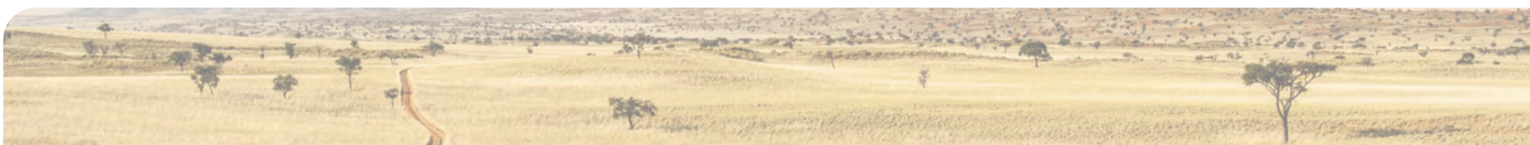
OUR VISION

To be the global leader in sustainable road infrastructure funding and management, contributing to national development goals



OUR MISSION

To manage Namibia's Road User Charging System to provide optimum funding for an equitable, safe and economically efficient road sector, for the benefit of road users



OUR CORE VALUES

S — **SERVICE EXCELLENCE**
We embrace the highest possible performance standards to delight our stakeholders

H — **HONOUR**
We account for our decision and actions as stewards of RFA

I — **INTEGRITY**
We inspire trust through honesty, transparency and ethical dealings

N — **INNOVATION**
We pursue creative ways to deliver on our mandate

E — **EMPOWERMENT**
We embrace diversity, equity and life-long learning. Therefore, we empower ourselves and the stakeholders that we serve

WHAT WE DO

The core functions of the RFA are the management of the Road User Charging System (RUCS) and the management of the Road Fund (the Fund) with the objective to economically recover the cost of roads expenditure from road users, in an equitable manner.

The RUCs determines the total cost and the manner in which it should be recovered from road users, in accordance with the user-pay principle, and consequently determines the Road User Charges (RUCs). RUCs are accrued in the Fund and allocated to Approved Authorities (AAs), that implement projects and programmes directed at the maintenance and preservation of the national road network and major urban arterial roads. Contributory funding is also disbursed from the Fund to Local Authorities (LAs) and Regional Councils (RCs) for the maintenance of urban and rural roads, traffic law enforcement (TLE) and adjudication, as well as road safety.

REVENUE

Revenue is collected from RUCs, in the forms of fuel levies, annual motor vehicle licence and registration fees, cross-border charges (CBC), mass-distance charges (MDC), abnormal load fees, cross-border road transport permits, and domestic road carrier permits.

The collection of CBC and MDC is managed directly by the RFA through the Windhoek head office, two regional offices (Oshakati and Keetmanshoop) and 17 border post offices countrywide. The vehicle registration and licence fees and abnormal load fees are collected by NaTIS (Roads Authority). Fuel levies are collected through various fuel wholesalers. The types of RUCs applicable to Namibia's national road network, the percentage of total revenue each one contributes, as well as the beneficiaries of funds, are depicted in the illustrations on pages 8 and 9.

ROAD USER CHARGES

Fuel Levies

In terms of the Road Fund Administration Act, (Act 18 of 1999), a fuel levy is a fee charged on every litre of petrol and diesel sold by any undertaking, at any point in Namibia, which is to be included in any determination of the selling price of petrol or diesel, as the case may be, under any law relating to petroleum products. Fuel levies accruing to the RFA are currently set at **N$1.36** per litre of petrol or diesel and is the major contributor to the Fund. Fuel levies are collected on behalf of the RFA by fuel wholesalers and paid directly into the Fund.

Abnormal Load Fees

Abnormal load fees is based on the user-pay principle and relate to the compensation paid by abnormal vehicles for damage and / or obstruction caused to the road infrastructure. An abnormal load is defined as an indivisible (for practical purposes) object that, due to its dimensions and / or mass, cannot be transported on a vehicle or vehicles without exceeding the limitations of the dimensions or mass as described in the Road Traffic and Transportation Act, (Act 22 of 1999).

Annual Vehicle Registration and Licence Fees

Annual vehicle registration and licence fees are levied on every motor vehicle registered in Namibia, irrespective of the size of the vehicle and / or whether it is driven on a public road.

Licensing is due within 21 days from the date of expiry of licence. These fees are collected on behalf of the RFA by NaTIS or registration authorities, some of which are managed by Local Authorities (LAs).

Mass Distance Charges (MDC)

Heavy vehicle owners are obliged to pay towards the maintenance of Namibia's road infrastructure, as the damage to roads increases commensurately with the increase in vehicle mass. MDCs were introduced to redress this inequity. MDCs apply to both local and foreign-registered vehicles weighing more than 3,500 kg utilising Namibia's road network.

Cross Border Charges (CBC)

The RFA collects CBCs or entry fees from every foreign-registered vehicle (including motorcycles). All foreign-registered vehicles entering Namibia are required to pay a CBC or entry fee to obtain a permit allowing them to utilise Namibia's roads.

N$1.36
PER LITRE
FROM FUEL LEVIES

RFA

ALLOCATION OF FUNDING

The RFA is responsible for determining the amount of funding allocated to AAs to achieve a safe and efficient road sector. For this reason, the RFA sets budgets for the Roads Authority (RA) and other Approved Authorities (AAs) for projects and programmes to be funded by the Fund. Budgets are evaluated for compliance using provisions in the RFA Act and for compliance with generally accepted technical, transportation, economic and financial best practices.

In line with the theme *Our Road to Excellence*, the overall objective of the RFA is to contribute to the prosperity of the country by serving road users and providing exceptional road maintenance funding.

The Fund allocates funding to the following AAs:

- The RA for project planning, maintenance, rehabilitation, road management systems, and administrative expenses of the RA.

- NaTIS for the implementation of the Road Traffic and Transport Act, (Act 22 of 1999), and vehicle licence and registration fees.

- The Road Traffic Inspectorate for the enforcement of the abovementioned Act.

- The RFA for the approved expenses of the Fund, such as administrative expenses, loan capital and interest repayments, road research, and claims for compensation approved by the Minister.

- AAs for maintenance of urban roads and streets, and Traffic Law Enforcement (TLE) functions.

ROAD USER CHARGES COLLECTED (N$2.6 BILLION)

PERCENTAGES OF TOTAL REVENUE

60%
Fuel levies

28%
Annual motor vehicle licence and registration fees

5.6%
Mass distance charges (local and foreign)

6%
Cross-border charges

0.4%
Abnormal load fees and Road carrier permits

THE

UTILISATION OF FUNDS

The RFA ensures that the funds allocated to recipient authorities are utilised effectively and for their intended purpose.

All revenues collected are reinvested in the management and upkeep of the national road infrastructure, ensuring that quality roads are maintained for the benefit of our economy and road users. This was demonstrated by an increased allocation of 32% to AAs in the FY 2019/2020.

Road Fund Allocations
N$2.36 billion

Regional Councils/Local Authorities
N$108 million

Admin and related Road Fund expenditure
N$167 million

Fuel levy refund
N$302 million

NAMPOL/Town/ City Police
N$13 million

Road maintenance and management (RA)
N$1.77 billion

OUR
ROAD INFRASTRUCTURE

Continuous investment in the maintenance of roads resulted in Namibia's road infrastructure, for the fourth consecutive year, being ranked by the World Economic Forum's (WEF) Quality of Road Infrastructure Report for 2019 as the best in Africa, and 21st in the world (up from a ranking of 28th best in 2018).

Namibia's national road network is comprised of gravel, trunk, main and district roads and covers a total distance of 47,698 km of which 8,260 km are bitumen surfaced (paved), 39,249 km are gravel (unpaved), and 189 km are unpaved salt roads. An additional 1,202 km of the network is proclaimed but not yet constructed, which will see a few new bitumen sections (from the capital projects' dual carriageways) and rural access roads (gravel) added to the total of 47,698 km by the end of 2020.

Namibia is connected by road to Angola, Zambia, Zimbabwe, Botswana and South Africa. These road connections are made possible by well-developed and functioning corridors such as the Trans-Zambezi Highway (which links Namibia to Zambia, Zimbabwe and the DRC), the Trans-Kalahari Highway (which links Namibia to Botswana and South Africa), and the Trans-Kunene Corridor (which links Namibia to Angola and the DRC) via the port of Walvis Bay. The Trans-Oranje Corridor is a tarred road connecting the ports of Walvis Bay and Lüderitz to the Northern Cape Province of South Africa.

About N$1.32 billion was programmed for road maintenance in the 2019/2020 financial year. This translates to maintenance expenditure of N$80,820 per km of bitumen road and N$9,100 per km of gravel road.

Some of the flagship road projects Namibia undertook over the past few years include the construction of dual carriageways between Windhoek and Okahandja, between Windhoek and Hosea Kutako International Airport, and between Swakopmund and Walvis Bay. Other projects include a tarred road from Swakopmund to Henties Bay, connecting with Kamanjab in the northwest, which eventually, will connect Namibia to Angola and the DRC, via the Port of Walvis Bay.

A total amount of N$467 million has been allocated by the Fund for the rehabilitation of TR1/3 between Keetmanshoop and Mariental (Section A: 87,8 km between Tses Intersection and Gochas Intersection).

KM

47,698
TOTAL

8,260
PAVED

39,249
GRAVEL

189
SALT ROAD

N$

1.32 billion
MAINTENANCE FOR

80,820/km
BITUMEN ROAD AND

9,100/km
FOR GRAVEL ROADS

OUR BUSINESS

POSITIONING OUR BUSINESS FOR VALUE CREATION

OUR PERFORMANCE FOR 2020 AT A GLANCE

The Fund's contribution to the achievement of Namibia's road infrastructure being consistently ranked (by the Global Competitiveness Report 2019) as the best in Africa, moving up to 21st ranking globally

Excellent overall company performance score of 3.8 achieved (out of 5)

Recipient of the Deloitte Gold Achiever Award 2019
for being the *Best Company to Work For* in the small/medium-size company category

Growth in assets 20%
from N$1 billion in FY 2018/2019 to N$1.2 billion at 31 March 2020

Growth in revenue 4%
from N$2.5 billion in FY 2018/2019 to N$2.6 billion at 31 March 2020

Surplus of N$240 million recorded at 31 March 2020
to be reinvested into the national road infrastructure

RA support for national road network maintenance and management in the amount of N$1.77 billion

Most targets and strategic initiatives were achieved

Unqualified audit opinion

A total amount of N$68 million has been invested in the construction of 55 houses for staff accommodation
at 14 remote border posts

Staff satisfaction rating of 75%

Alignment of our human capital to strategic imperatives

Provided N$108 million to 57 Local Authorities and 13 Regional Councils
for urban road maintenance projects

Invested N$13 million on traffic law enforcement equipment

Enhanced operational efficiency
Implemented a robust Enterprise Risk Management and Compliance Framework

These achievements have created a solid foundation to build another five years of superior strategy execution.

MANAGING OUR STAKEHOLDER INTERESTS

The Board and Executive Management continued to strengthen and develop key stakeholder relations through proactive engagement with a multitude of stakeholders regionally and locally in the execution of its mandate

We are committed to the strategic objective of nurturing stakeholder relations across all sectors, prioritising stakeholders' trust and confidence at every opportunity. For this reason, the process of identifying and fulfilling stakeholders' expectations, creating platforms and means to communicate with them is managed in a structured and methodical manner.

A detailed account of the strategic initiatives aligned to the strategic objective of *Nurture Stakeholder Relations* is provided on pages 60 - 64.

The Ugandan ministerial delegation paying a courtesy call to the Minister of Finance during February 2020 as part of a study tour on road infrastructure maintenance funding in Namibia.

The following table provides an overview of our strategic stakeholders, their material interests and objectives of engagement with each of them.

Strategic Stakeholders	Material interests	Objectives of engagement
Roads Authority	Financial support, budget allocation, collaboration	- Successful projects implementation - Enforcement and accountability - Road maintenance projects and programmes
Regional and Local Authorities	Financial support, budgetary allocations	- Successful projects implementation and accountability
National Road Safety Council	Road safety projects and Information dissemination, financial support	- Safer roads
Road users	RUCs, safe and affordable use of quality roads	- Payment of road user charges - Compliance - To create awareness and disseminate information regarding RUCs
National, regional and international bodies, associations and federations **Member of:** **The African Road Maintenance Funds Association (ARMFA)**	Collaboration	- Exchange of best practices and support
Namibia Chamber of Commerce and Industry (NCCI)	Collaboration	- Industry collaboration - Networking on the transport industry's contribution towards economic growth
International Road Federation (IRF)	Collaboration	- Capacity building and information sharing
Walvis Bay Corridor Group (WBCG)	Collaboration	- Logistics hub synergy
Commercial banks and funding agencies	Credibility, governance, prudence	- Low interest loans - Grants
Ministry of Finance	Shareholder representation	- Approval of RUCs increase - Support and Approval of ISBP - Presentation of Annual Report and Financial Statements
Ministry of Mines and Energy	Fuel levies	- Implementation of Fuel Levy
Ministry of Public Enterprises	Good corporate governance and compliance	- Support and approval of ISBP
Ministry of Works and Transport	Road infrastructure development	- Logistics hub synergy
Ministry of Safety and Security / NAMPOL / Traffic Law Enforcement	Financial support, collaboration	- Law enforcement - Collaboration
Employees	Job security, conducive working environment	- Productivity and high-performance culture
Trade Unions	Collaboration on labour related matters	- Bargaining unit interest
Media	Transparency, access to reliable information	- Factual reporting and liaison - Information sharing and awareness creation

By 2024, RFA should promulgate secondary legislation (based on the new proposed Amendment Act) and be reputable for unquestionable governance practices.

PROMOTING SHAREHOLDER AND STAKEHOLDER VALUE AND MAINTAINING A ROBUST REGULATORY ENVIRONMENT

OUR GOVERNANCE FRAMEWORK

The governance framework adopted by the RFA for implementation is the Corporate Governance Code for Namibia (NamCode). In order to aid with the implementation of the NamCode, the RFA conducted an assessment with regard to the state of governance within the RFA and is satisfied that most of the principles applicable to itself have been complied with.

The RFA's Compliance, Legal and Company Secretariat manages the compliance requirements as stipulated in the NamCode. Compliance is monitored in terms of a compliance register and an implementation matrix which tracks compliance and focuses on the remediation of those areas the RFA is not yet fully compliant with, and which may pose a risk to the organisation. Potential risks and compliance matters are monitored by the Board on a quarterly basis.

Management has decided to focus on ensuring that there is an understanding on ethics within the context of the organisation. As such, a programme has been initiated that will run during the next financial year to inform the relevant stakeholders and RFA employees on what the RFA views as ethical behaviour. Furthermore, focus has been placed on strengthening the ICT Governance Framework of the RFA to comply with the provisions within the NamCode.

The RFA has successfully implemented its Operational and Strategic Risk Registers for the previous Strategic Plan. The Board, through the Audit, Investment, Risk and Compliance Committee (AIRCC), actively monitors risks and mitigation for risks. See pages 30 - 31 for a full account of our material risks.

Our governance framework, practices and processes have enabled the Board to create value by:

- Approving relevant and applicable policies
- Being engaged and committed and demonstrating active participation when attending meetings
- Conducting focused and informed discussions, with dedicated committees operating under clear terms of reference and annual work plans
- Implementing Enterprise Risk Management Systems to assist the RFA to do business efficiently
- Ensuring efficient revenue collection
- Crafting a new five-year (2019 - 2024) Integrated Strategic Business Plan (ISBP) for the RFA
- Conducting research into alternative funding initiatives for the RFA
- Drafting legislative amendments to cater for developments in the road sector.

BOARD CHARTER

The Board Charter sets out the composition, scope of authority, responsibilities, powers, and functions of the Board, CEO, EXCO and Company Secretary. It further clarifies the manner in which the Board is required to maintain internal Board relationships and relationships with key external stakeholders.

The terms of reference for the Board Committees are reviewed periodically to ensure effective functioning of the governance structures.

The Charter is aligned with the provisions of all relevant statutory and regulatory requirements, including, amongst others, the Road Fund Administration Act, (Act 18 of 1999 as amended) and the Public Enterprises Governance Act, (Act 1 of 2019).

In addition to the regulatory framework of the Charter and the terms of reference of the Committees, Board members have direct access to the RFA's external and internal auditors, the Company Secretary, and EXCO at all times.

PERFORMANCE OF THE BOARD

During the period under review, the Board completed a self-evaluation and a 360 degree review from EXCO, evaluating the Board's effectiveness. The evaluation was assessed by an independent third party, allowing both the Board and EXCO to freely evaluate the Board's effectiveness. The results of the evaluation were submitted to the Chairperson for discussion with individual Board Members and the CEO.

The Board's performance, from a strategic perspective, is evaluated against the CEO's annual Performance Agreement, also referred to as the Corporate Scorecard.

COLLABORATE ON DRAFTING AND IMPLEMENTING THE RFA AMENDMENT ACT

The RFA completed extensive stakeholder consultations with affected parties during the period under review and incorporated specific comments from stakeholders into the Amendment Bill. The RFA intends to finalise the Bill for submission to the Portfolio Minister whereby the legislative process will proceed.

THE ROLES AND RESPONSIBILITIES OF THE RFA BOARD

The RFA Board is the custodian of good corporate governance and provides independent oversight and guidance pertaining to operations and activities. The Board leads by example, driving compliance and inculcating a culture of integrity and transparency throughout the organisation.

Its roles and responsibilities include determining the RFA's strategic direction, the formulation of policies, reviewing internal audit controls and risk management of the Fund.

The Board is accountable to the Minister of Finance, in conjunction with an executive management team under the leadership of the Chief Executive Officer and six strategic executives who are accountable to the Board for the effective execution of the ISBP, the day-to-day running of the organisation, and for providing the necessary support and guidance to all RFA employees.

The Board believes that its combined skills and experience, and that of the executive management committee, are appropriate for the effective execution of its respective duties. The directors are diverse in academic qualifications, industry knowledge, experience and gender.

Diversity encourages robust debate at Board and Committee levels to ensure that appropriate and effective guidance is provided to management, when delivering on the RFA's ISBP and accompanying strategic objectives.

DIRECTORS' INDEPENDENCE

The Chairperson is a Non-Executive Director and all other Directors are Independent Non-Executive Directors.

CONFLICT OF INTEREST

The Road Fund Administration Act, (Act 18 of 1999, as amended) sets out procedures to be adhered to for directors to disclose any conflict of interest. In this regard, the Act, in terms of Section 10, requires that if a director is in any way directly or indirectly invested in any matter which is the subject of consideration by the Board or Committee, and which may cause a conflict of interest in the performance of his or her duties, such director should disclose the nature of such interest as soon as possible after the commencement of the meeting of the Board or Committee at which that matter is a subject of consideration.

This disclosure requirement extends to committee members and the spouses of such directors and committee members, as well as any company, close corporation or partnership of which such director, committee member or spouse is a director, shareholder, member or partner. Failure to disclose interest renders the proceedings relating to that matter invalid. These proceedings should then be reviewed by the Board or Committee in the absence of the director or committee member.

A person who knowingly fails to comply with the disclosure requirements is guilty of an offence and can be liable, on conviction, to a fine or imprisonment in terms of the RFA Act.

The RFA implements these requirements by including, as a standing agenda item at every Board and Committee meeting, the disclosure of interest of directors and Committee members or any relevant participant to the meeting.

APPOINTMENT OF DIRECTORS

The RFA Board was appointed for a period from 1 September 2016 and their terms were extended to 30 September 2020.

CHANGES TO THE BOARD OF DIRECTORS

There were no changes to the Board of Directors during the reporting period.

MEETINGS

The table below sets out the composition of the Board and attendance by the directors at Board meetings:

Name of Director	Board	Meetings attended
Penda Ithindi	Chairperson and Non-Executive Director	7/8
Zia Stellmacher	Independent Non-Executive Director	6/8
Robanus Amadhila	Independent Non-Executive Director	8/8
Dr Simeon Amunkete	Independent Non-Executive Director	8/8
Naemi Henok	Independent Non-Executive Director	8/8

DIRECTORS' FEES

Remuneration takes place according to the Public Enterprise Directive on Board remuneration, as shown in the table below:

Board Member	2019/2020
Penda Ithindi	N$31,235
Simeon Amunkete	N$192,307
Zia Stellmacher	N$192,319
Naemi Henok	N$226,275
Robanus Amadhila	N$168,085
Total	**N$810,223**

Note: As of the 16th of December 2019, the Chairperson of the RFA Board is no longer excluded from receiving remuneration as a result of being employed in the full-time service of the State. The Chairperson is now entitled to remuneration for his role on the RFA Board in terms of Section 18(2) of the Public Enterprises Governance Act, 2 of 2019. The RFA Board Chairperson does not act as a nominee on behalf of the State on the RFA Board. The Audit Committee has a co-opted member.

ROLE OF THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The responsibilities of the Chairperson and the Chief Executive Officer are clearly defined and separated, as set out in the Board Charter and recommended by the NamCode. While the Board may delegate authority to the Chief Executive Officer in terms of the Board Charter, the separation of responsibilities is designed to ensure that no single person or group has unrestricted powers and an appropriate balance of checks and balances are in place.

BOARD COMMITTEES: ROLES, RESPONSIBILITIES, ACTIVITIES AND OUTCOMES

The Board has established three standing committees through which it executes some of its duties, namely the Human Resources Committee; the Information, Communication and Technology Committee and the Audit, Investment, Risk and Compliance Committee.

Each committee consists of a minimum of two members, as prescribed by the terms of reference for each committee. In each of the terms of reference of the above committees, the roles and responsibilities of the committees are set out, which provides the scope of the committee's overview function.

Each committee, including the Board, promotes strong principles of integrity while the RFA Board remains the overall custodian of good corporate governance.

Through our governance structures and committees, decisions are made and responses generated to ensure value is created for the RFA and its stakeholders.

The Board committees have duly fulfilled their responsibilities in accordance with their regulatory mandates and terms of reference.

The table below sets out the composition of the committees and attendance by the directors at committee meetings:

Name of Director	Committee	HR Committee	Meetings attended	ICT Committee	Meetings attended	AIRCC Committee	Meetings attended
Penda Ithindi	Member	✓	4/6	-	-	-	-
Zia Stellmacher	Chairperson	-	-	-		✓	4/4
	Member	-	-	-	-	-	-
Robanus Amadhila	Member			✓	4/4		
	Alternate Member	✓	2/6	-	-	-	-
Dr Simeon Amunkete	Chairperson	✓	6/6				
	Member	-	-	-	-	-	-
Naemi Henok	Chairperson			✓	4/4		
	Member					✓	4/4

SUMMARY OF BOARD APPROVALS

The following approvals were granted by the Board during the year under review:

- RFA Annual Financial Statements Fund, Administration and Consolidated, for the FY 2018/2019
- The RFA Annual Report for the FY 2018/2019
- The RFA Business Plan for the period FY 2020/2025
- The Government Financial Statements for the FY 2018/2019
- RFA Administration Budget for the FY 2020/2021.

Various policies were also approved by the Board during the period under review:

- Fuel Levy Refund Policy
- Board Confidentiality Policy
- Credit Card Policy
- Debt Collections Policy
- Fleet Management Policy
- Disciplinary Policy and Procedure
- Grievance Policy and Procedure
- Occupational Health, Safety and Environmental Policy
- Customer Service Charter
- Internal Audit Charter
- ICT Acceptable Use Policy
- Employee Wellness Policy
- Corporate Governance Policy
- Job Evaluation Policy
- Remuneration Policy
- Recognition and Reward Policy
- Recruitment and Selection Policy
- Orientation and Induction Policy
- Employee Code of Conduct
- Conditions of Employment Policy
- Employee Rotation Policy
- Employee Transfer Policy
- Leave of Absence Policy

FOCUS AREAS FOR 2021 AND BEYOND

The RFA endeavours to continually review and implement corporate governance best practices when executing its fiduciary duties to ensure consistent application of the principles of the NamCode.

We will therefore, in the coming year and beyond, continue to track compliance matters, focusing on those areas in which the RFA is not yet fully compliant.

We also intend to conduct internal workshops for various stakeholders to explain the relevant provisions of the NamCode that are applicable to them from a practical perspective in order to further entrench the provisions thereof.

Annual General Meeting 2019: RFA Board Chairperson Penda Ithindi (left) with the Shareholder, Deputy Minister of Finance Natangwe Ithete (right) and the CEO Ali Ipinge (centre).

RFA

CHAIRPERSON'S STATEMENT

The RFA has invested more than N$20 billion in the maintenance and preservation of the national road network, now stretching 47,698 km, over the past twelve years.

MACROECONOMIC OVERVIEW

Dramatic changes in the macroeconomic environment arising from the impact of the COVID-19 pandemic on livelihoods have dashed any hope for robust economic activity during 2020 across the globe or some degree of economic recovery at home.

At the time of reporting, the COVID-19 pandemic had just has touched down on our shores, with all indications pointing to a global human and economic catastrophe. This pandemic is severely impacting human lives and economic activity, globally, regionally, and on the domestic front. Amidst great uncertainty around the global growth forecast, a contraction of more than 4% in 2020 is projected, which is even worse than the 2008 - 2009 financial crisis. Global growth is, however, projected to pick up to 5.4% in 2021, assuming that the pandemic fades towards the end of 2020, with the gradual opening up of economies and trade in 2021. Investment is also expected to firm up, though remaining otherwise subdued.

Globally, interest rates have recently fallen to historic lows in a sign of increasing economic uncertainty. Domestically, Bank of Namibia lowered its benchmark interest rate by 100 basis points to 5.25% on 20 March 2020, following the South African Reserve Bank's interest rate cut by the same margin a day before, setting the stage for historical low policy rate amidst a subdued economic environment.

On the upside, the possibility for an effective vaccine to be found in 2021, the effectiveness of coordinated containment measures and additional policy support could lead to a quicker resumption of economic activity. Further waves of infection could, however, undermine the initial containment measures and the gradual opening up of economies, while the rapid tightening of financial conditions could trigger debt distress.

Closer to home, Sub-Saharan Africa's growth outlook was significantly revised downward for 2020. The region is projected to contract by 3.2 percent, representing a 1.6 percentage point downward revision compared to April 2020 (IMF, World Economic Outlook).

Real sector developments in the domestic economy slowed during the first quarter of 2020, driven by weak performance in key sectors of the economy, with hopes for economic growth in the short-term being eroded. The recession for the domestic economy is anticipated to deepen to unprecedented levels this year, aggravating the unemployment incidence and stalling or even reversing the discernible gains the country has made on the reduction of poverty and inequalities.

The COVID-19 outbreak did not bode well for an already struggling domestic economy and warranted the introduction of containment and suppression measures by the government to save lives. This effectively meant closure of borders and suspension of air travel with consequent adverse effects on tourism, work visas and immigrant visas.

The health containment measures which commenced in March 2020 notably impacted on the consumption of diesel and fuel, while sluggish domestic demand is anticipated to weigh on new vehicle purchases. This directly impacts on the revenue of the Fund, particularly through revenues derived from fuel levies, licence fees and mass distance charges.

The RFA will not be spared from the impact of COVID-19 on international, domestic and cross-border travel restrictions. In response to such imminent risk, the Board, together with the executive management team, have identified those strategic projects which form part of the 2019 - 2024 ISBP to be fast-tracked, while the possibility for realigning spending to revenue is likely, to the extent that the Fund income is eroded as the year progresses.

LEADING WITH INTEGRITY

The RFA prides itself for teamwork and strategic leadership, with competent captains of the ship, steering it through uncertain waters, navigating the risks and turning challenges into opportunities. What remains important is that the RFA is guided by our values and that our responsibilities and commitment to our purpose remain unperturbed.

The strength, stability, and resilience of the RFA, under the strong leadership of my fellow Board members and a highly capable Executive Management team, is evidence of our sustainable business practices, our improved risk management, and overall governance. These attributes have contributed to the RFA standing proudly as a reputable organisation today. We have added immense value to the economy through the funding of an excellent road infrastructure and to our road users who continue to enjoy the benefits of their investment in this word-class infrastructure. By global competitiveness standards, Namibia's road network ranks as the best in Africa and in the same category as Finland, Germany, Malaysia and Sweden. This bears testimony to the RFA's vision *'to be the global leader in sustainable road infrastructure funding and management, thereby contributing to our national development goals'*. We deliver on this vision in partnership with similar investments by the shareholder, the Government of Namibia, and our invaluable development partners.

The Board and management commenced with the process of building on the previous five-year strategic plan and, through extensive engagement with our key stakeholders, an Integrated Strategic Business Plan (ISBP) for the next five years (2019 - 2024) is rolled out. The Plan is anchored on ensuring Fund financial sustainability and it is geared towards ensuring organisational effectiveness, inculcating a high-performance culture, maintaining a sound reputation and good governance practices, creating value to our stakeholders, and pursuing innovation across the entire value chain. Approved by the Board in October 2019, and only a few months into implementation, notable achievements have been made as reported on by the CEO and throughout this report.

THE JOURNEY AHEAD

Moving forward will require resilience, innovation and resolve under a constrained economic environment.

As we continue our ceaseless journey to drive the socio-economic development of the country towards greater prosperity for all Namibians, excellence will remain a priority in all aspects of our business. It is also synonymous with our new brand focusing on progress, carrying us forward into the future with a spirit of adventure, innovation and expansiveness. Leveraging ICT solutions and alternative sources of revenue will be key to achieving the deliverables in our new business proposition. This repositioning has warranted that we introduce a new Enterprise Resource Planning system to drive the business strategy under a new corporate brand, marking the launch of a revitalised strategic intent.

Maintenance and rehabilitation are the major determining factors for any world-class road network, and to do so requires optimal funding. Maintaining a world-class ranking amidst a depressed economic scenario and ensuring sufficient and sustainable funding will prove to be a challenge. One of the key strategic objectives of our ISBP relates to financial sustainability and the need for implementing a funding model, responsive to the realities facing the country and its road users. I am confident that, under the leadership of the CEO and his executive team, the model will be a sustainable one and outcome-driven.

Ongoing vigilance is required to ensure that the public trust that has been established over the years through sound governance is sustained. The Fund has not only been able to provide increasing funding for the road sector, but it is, as reflected in the unqualified financial audits, liquid and technically solvent with established buffers to cushion against unforeseen shocks. This is a fundamental basis for the going concern and future financial sustainability of the Fund, which should be nurtured going forward.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my appreciation to our shareholder, the Government of the Republic of Namibia, through our Line Minister, the then Minister of Finance, Hon. Calle Schlettwein, as well as the Minister of Works and Transport, Hon. John Mutorwa and the Minister of Public Enterprise Leon Jooste as well as their management teams for the continued support and guidance.

The Board and management look forward to working with the newly appointed Minister of Finance, Hon. Ipumbu Shiimi at the time when the RFA is rolling out a new Enterprise Resource Planning system with technological innovations at the core of its business proposition.

I wish to wholeheartedly thank my fellow RFA Board members for their support, wisdom, and teamwork. I believe the RFA is well positioned to build on the positive and sustainable impact it has already made, thanks to the strategic leadership provided by the Board.

Equally, my sincere appreciation goes to the Chief Executive Officer, Mr Ali Ipinge and the executive management team for their leadership and sound management of the organisation. We have speedily adapted to the new normal posed by COVID-19 and I have every confidence in the team's ability to successfully steer us through this extraordinary time.

Thank you to our 146 employees who continue to innovate and remain committed to living our purpose and serving our road users through a complex and difficult time.

A special word of thanks goes to our road users without whose contribution to the financing and upkeep of the national road network, Namibia's road infrastructure could not be among the best on the planet. Let us all continue to observe the health protocols so as to defeat COVID, let us continue to, and even improve on adhering to road safety regulations at all times. It is the best thing to do.

Penda Ithindi
Chairperson

RFA
LEADING THE WAY THROUGH GOOD CORPORATE GOVERNANCE

OUR BOARD

Penda Ithindi
Chairperson, Non-Executive Director
Member of the Human Resources Committee

Re-appointed:
1 September 2016, which term was extended to 30 September 2020.

Qualifications:
Master of Science, Financial Economics (University of London, United Kingdom)

Value Addition:
Strategic leadership, governance, sound knowledge and acumen in finance, labour statistician, insight in revenue forecasting, experience in international trade negotiations and understanding public sector relations.

Zia Stellmacher
Independent Non-Executive Director
Chairperson of the Audit, Risk, Investment and Compliance Committee

Appointed:
1 September 2016, which term was extended to 30 September 2020.

Qualifications:
B. Compt. Degree (University of South Africa), Chartered Accountant

Value Addition:
Extensive auditing knowledge and experience, sound financial expertise, knowledge in risk management, expert in strategic guidance on fund financial position, leadership skills.

Naemi Henok

Independent Non-Executive Director
Chairperson of the Information and Communication Technology Committee
Member of the Audit, Risk, Investment and Compliance Committee

Appointed:
1 September 2016, which term was extended to 30 September 2020.

Qualifications:
Bachelor of IT (Honours in Business Computing) (Polytechnic of Namibia/Namibia University of Science and Technology)

Value Addition:
Expertise in ICT and support systems engineering and analysis, Sound knowledge in ICT governance and leadership skills.

Robanus Amadhila

Independent Non-Executive Director
Member of the Information and Communication Technology Committee

Appointed:
1 September 2016, which term was extended to 30 September 2020.

Qualifications:
Matriculated from Döbra High School

Value Addition:
Seasoned entrepreneur with sound knowledge in business development and strategic leadership, strategic focus and expertise in the road sector.

Dr Simeon Amunkete

Independent Non-Executive Director
Chairperson of the Human Resources and Remuneration Committee

Re-appointed:
1 September 2016, which term was extended to 30 September 2020.

Qualifications:
Doctor of Philosophy in Industrial Psychology (North West University, South Africa)

Value Addition:
Human resources and remuneration expertise, knowledge in strategic planning, leadership skills, expertise in performance management

RFA

CHIEF EXECUTIVE OFFICER'S REPORT

A total of N$2.36 billion was invested in the local economy during the year through allocations made by the Fund to AAs, of which 75% was used for national road sector projects and the administration thereof, with the remaining 24% to AAs for road safety, and RFA administration costs, thus adding to capital formation, creating and retaining jobs and facilitating other economic opportunities.

I am delighted to present the RFA Annual Report for the FY 2019/2020. It has been another good year for the RFA despite challenging economic conditions and the global health crisis caused by COVID-19. We achieved a satisfactory set of financial results and recorded solid growth rates, reflecting strong strategy execution and effective delivery of the strategic objectives and initiatives.

Revenue of N$2.59 billion was collected during the FY ending 31 March 2020 compared to N$2.50 billion in the prior year, a year-on-year revenue increase of 4%, and expenditure of N$2.36 billion recorded. An operating surplus of N$240 million was recorded and will be reinvested into the national road infrastructure. A growth in assets of 20%, from N$1 billion in the previous year to N$1.2 billion as at 31 March 2020 further strengthened the financial position of the Fund. An amount of N$1.77 billion was invested in the national road network, representing a 2.7% increase from the previous year.

The financial statements for the year ending 31 March 2020 reflect an unqualified audit opinion, a financial management and internal control standard which the RFA has maintained over the past five years. In order to ensure financial sustainability over the long-term, strategies have been deployed to contain expenditure within the RUC revenue stream. A Reserve Fund was set up to protect the liquidity and solvency of the Fund, and the debt to asset ratio has improved over the duration of the strategic planning horizon from 2.42 to 1.31.

The RFA subsequently restructured its balance sheet, from a negative equity (N$191 million) to a positive equity of N$49 million by the end of FY 2020. This was primarily as a result of the drive to consistently increase revenue, strengthening systems and improving employee productivity. This has positioned the RFA as an organisation that adds significant value for its shareholder, stakeholders, road users, its employees and society as a whole by ensuring a sustainable road infrastructure in Namibia.

We have renewed our purpose which culminated into the crafting and approval of the new ISBP for the period 2019 - 2024. Equally pleasing is the good strategic and operational progress made within the first five months of strategy execution, with an execution rate of 18% achieved at the end of March 2020. In tandem with its new strategy, the RFA undertook to create a new corporate identity and brand which will be unveiled in the new financial year.

As the national road network ages, the need for the preservation and rehabilitation of the N$101 billion worth road network becomes increasingly critical. The rates under the current RUCs model remain below full cost recovery levels, resulting in sub-optimal funding of N$1.1 billion during the FY 2019/2020 and N$6.3 billion over the business plan cycle. Namibia has one of the lowest fuel levies in the region and to maintain the status of having the best roads in Africa, deliberate interventions are therefore required to progressively increase funding over the medium to long-term. Equitable road funding models will be developed and efficiencies improved at all levels. A targeted approach will also be undertaken to ensure that funds allocated to road maintenance and rehabilitation programmes are fully utilised and invested wisely by AAs.

Developments with regard to the proposed amendments of the Road Fund Administration Act, (Act 18 of 1999) proceeded well during the year under review. Underpinning the new regulatory environment are additional powers provided to the RFA to introduce new revenue streams as well as the implementation of a monitoring and compliance function, which extends to the RA and AAs.

Strong governance, driven by sound leadership and ethical principles, remains crucial to the success of the RFA and, coupled with full regulatory compliance, has laid the foundation on which the RFA's reputation and trust with our shareholder and stakeholders is built and maintained. The enterprise risk management framework, which we utilise to manage our strategic and operational risks, was strengthened during the year under review, and I can proudly say the RFA ranks among the top five public enterprises in Namibia in all aspects of corporate governance and compliance.

Continuous focus will be placed on building and maintaining strong stakeholder relationships across all sectors, with additional focus placed on pursuing smart partnerships and stakeholder synergies with the private sector and other organisations to unlock opportunities presented through the ISBP.

The 2019 - 2024 ISBP is built on three strategic themes, namely organisational sustainability, stakeholder synergy, and innovation, supported by several strategic objectives and initiatives. There are also a number of strategic initiatives which are continuing as part of the previous strategic planning cycle.

Two strategic projects, namely the Mass Distance Charges Automation Project (MDC) and the Tolling Study Project, have been earmarked to address the efficiency and equity principle while at the same time addressing the diversification of the revenue base.

The implementation of a new Enterprise Resource Planning (ERP) system initiated during the previous strategic planning period has enhanced operational efficiency and streamlined business processes across the RFA.

With regards to tolling, a study was commissioned during the year under review to explore the viability of maintenance tolls in Namibia. Preliminary results, which have indicated a strong economic feasibility of tolling certain sections of roads in Namibia, will be explored in the coming year.

We are committed to creating an inclusive culture and promoting diversity within the organisation. Our people are at the heart of what we do and the value we deliver. Inculcating a high-performance culture is synonymous with the sustained culture of excellence we have built over the years. Taking care of our employees therefore remains a priority. An overall institutional performance score of 3.8 out of 5 was achieved during the year under review. We are proud of the fact that the RFA was awarded the *Deloitte Best Company to Work For* accolade for the second year in a row, largely as a result of promoting a conducive work environment and investing in the 146 dedicated men and women that work for us. We extensively invest in employee wellbeing and training opportunities so that our employees can continue to improve their skills and advance their careers.

The RFA also remains committed to caring for our communities and invested an amount of N$7.5 million towards the drought relief programme, interventions in education, road safety, and traffic law enforcement during the year under review.

As part of our journey, the RFA is committed to addressing climate change and supports research and innovation in road construction best practice, and the usage of environmentally friendly material through the funded institutions. With emerging alternative fuel technologies, such as electric and hybrid vehicles, and the design of more fuel-efficient machinery, comes the realisation that the reliance on fuel consumption to collect RUCs through fuel levies is unsustainable. The RFA business model will therefore need to be remodelled to be responsive to imminent change. Technology-based revenue collection systems will be pursued to counteract the new trends, while distance-based RUCs and tolling of certain road sections will become more prominent in closing the funding gap.

Given recent events, 2020 and beyond will undoubtedly prove to be even more challenging. Since March 2020 we witnessed the impact of the COVID-19 pandemic in the economy and its effect on businesses, individuals, families and societies locally and globally. The impact of the restriction on transportation and the movement of people during the lockdown period has negatively affected revenue collection across all our revenue streams.

To safeguard the solvency of the Fund through the COVID-19 pandemic, revenue projections for the 2020 - 2025 business plan period were revised downwards in line with the economic realities facing the organisation. Revenue estimations were reduced by N$180 million for the FY 2020/2021, and by N$1.4 billion over the remaining four-year period. The liquidity position of the Fund and financial buffers will continue to be strengthened in order to shore up the RFA's capacity to respond to unforeseen circumstances and service financial obligations.

The RFA furthermore took precautionary measures to ensure the health and wellbeing of all of our staff, clients and other stakeholders, and to ensure the RFA's business continuity alongside the continuous provision of services to our clients.

LOOKING AHEAD

While the economic environment is expected to remain challenging with a long road to recovery post COVID-19 pandemic, I believe that the RFA is well positioned to build on the positive and sustainable impact it has made to the Namibian economy and society. As we continue on our journey, all our resources will be fully utilised to achieve the intended outcomes of the new ISBP and targets.

A major focus area will be increasing the revenue base over the coming years. By generating sufficient revenue, managing costs, and distributing funds more efficiently, the RFA intends to restore the current road network to an acceptable level over the next 10 years, ensuring that Namibia's roads continue to provide a competitive advantage to national and regional economies and, as such, contribute to balanced economic growth throughout the country. We remain mindful of the fact that both urban and rural communities depend on a high quality road network to facilitate the movement of people, products and services.

Information systems and business processes will continue to be enhanced and the ICT governance standards will be aligned with the Control Objectives for Information Technology (COBIT) governance framework, which will enhance operational efficiency in the areas of regulatory compliance and risk management.

The RFA is committed towards creating sustainable value for all its stakeholders by driving innovation that ensures constant organisational renewal and business growth, championed by virtuous leadership that embraces environmentally friendly practices whilst maximising social capital in the execution of the RFA's core mandate.

The need for a research function has been identified to unlock value in the road sector by identifying, developing and adopting new strategies, techniques and methodologies. Key research areas will focus on trends around smart roads, new maintenance funding models, new construction materials, and cost management approaches. This function will be established and operationalised through internal resources and strategic partnerships with academic institutions.

I would like to thank the Board for their guidance and support. Equally let me appreciate and thank my fellow RFA executive team, management and staff for their continuous dedication. Without you the RFA would not be where it is today. Last, but not least, I would also like to thank all RFA customers and road users for their continuous support in contributing to the RFA revenue which has earned the country praise for having the best road infrastructure network in Africa.

Ali Ipinge
Chief Executive Officer

REFLECTING ON OUR 2014 - 2019 INTEGRATED STRATEGIC BUSINESS PLAN

A solid foundation was laid during the previous five-year strategic plan cycle, with significant results achieved across the strategic themes of funding, operational efficiencies, high performance culture, and stakeholder synergy, as illustrated below.

Funding

- 83% of budget requests from Approved Authorities funded
- 14% year-on-year average growth in revenue
- N$320 million to roads capital projects in support of GRN
- N$1.25 billion support to roads capital projects, which was fully repaid by GRN

Operational Efficiencies

- 100% business processes approved against plan
- 100% policies and procedures manuals approved
- 95% planned business processes automated
- 100% statutory compliance
- 100% compliance with Corporate Governance Framework
- 100% unqualified external audits

High-performance Culture

- 2% annual staff turnover
- 75% employee satisfaction survey
- 95% operational targets met
- 95% increase in overall efficiency
- Deloitte *Best Company to Work For* award (in the small/medium size company category)

Stakeholder Synergy

- 95 % achievement of engagement targets

OUR
EXECUTIVE MANAGEMENT COMMITTEE

Anna Matebele
Principal Officer: Compliance, Legal and Company Secretariat

Qualifications:
LLM - Master of Laws (Commercial and Financial Law, Kings College, London, United Kingdom), B.Juris, LLB (University of Namibia)
Value Addition:
Corporate governance, compliance management, legal risk management, regulation, coaching, mentoring and strategic leadership

Ali Ipinge
Chief Executive Officer

Qualifications:
B.Econ (University of Namibia), MBA (Maastricht School of Management, Netherlands)
Value Addition:
Strategic planning and leadership, corporate governance, project management, financial planning and corporate finance

Patricia Keeja
Executive: Strategic Services

Qualifications:
B.Com, HED, PG, (University of Namibia), Senior Management Development Program (SMDP, Namibia Institute of Public Administration and Management)
Value Addition:
Strategic management and administration, procurement, business development, and human capital development

Elvis Kambatuku
Acting Chief Financial Officer: Fund Management

Qualifications:
B.Com (Accounting and Finance, University of Johannesburg, South Africa), Certified Governance, Risk and Compliance Management (International Academy of Business and Financial Management).

Value Addition:
Internal audit, risk and compliance management

Rondalia Gorases
Acting Principal Officer: Audit and Risk

Qualifications:
B. Accounting (UNAM), Postgraduate Certificate Internal Audit, (Institute of Internal Auditors South Africa - IIASA) National Diploma (Cost/Management Accounting, Polytechnic of Namibia, completed Articles for CA (Chartered Accountant).

Value Addition:
External auditing and risk management

Namene Kalili
Executive: Programme Management, Policy and Advice

Qualifications:
MBA (Management College of Southern Africa), B.Econ (University of Namibia). Certification in Econometric Analyses (University of Pretoria), Certificate in Project Management (Stellenbosch University)

Value Addition:
Macro-economic analysis, market analytics, leadership, strategic thinking, managerial innovation and corporate finance

Dennis Shindume
Executive: Information and Communication Technology (ICT)

Qualifications:
MSc. ICT (University of Malaysia), post-graduate qualifications in leadership and general management

Value Addition:
Developing ICT strategies and innovative ICT solutions

MANAGING OUR MATERIAL RISKS

The RFA recognises its responsibility to manage public funds in a responsible manner, which includes identifying, addressing, and appropriately managing any risks that may affect the safety and well-being of its employees and the public; its financial stability; its ability to achieve its mission of providing services to the public, and its ability to maintain excellent road infrastructure.

Risk Matrix

Residual Risk Heat Map

Likelihood		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic	Likelihood
Almost Certain	5	Insignificant	Minor	Moderate	Major	Critical	5
Likely	4	Insignificant	Minor	Moderate 7 8 9	Major 1 6 2 3 4 5	Critical	4
Moderate	3	Insignificant	10 Minor	Minor	Moderate	Moderate	3
Unlikely	2	Insignificant	Insignificant	Minor	Minor	Minor	2
Rare	1	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	1

Impact

Risk Matrix

Inheritant Risk Heat Map

Likelihood		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic	Likelihood
Almost Certain	5	Insignificant	Minor	Moderate	Major	1 2 3 8	5
Likely	4	Insignificant	Minor	Moderate 10 9	Major 6 7 4 5		4
Moderate	3	Insignificant	Minor	Minor	Moderate	Moderate	3
Unlikely	2	Insignificant	Insignificant	Minor	Minor	Minor	2
Rare	1	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	1

Impact

An approved Enterprise-wide Risk Management methodology and philosophy, supported by an Enterprise Risk Management Framework has been adopted by the RFA. Sound management of risk enables us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty.

The realisation of our ISBP depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. In the course of conducting the day-to-day business operations, we are exposed to a variety of risks. These risks include strategic and operational risks that are material to the RFA.

The implementation of the Enterprise Risk Management (ERM) Policy which was revised and approved by AIRCC in November 2019 will increase efficiency and effectiveness of operations, improve compliance with legal, regulatory and reporting requirements, and ensure that the RFA is fully responsive to the risks facing it.

RANKING	RISK CONTEXT	DESCRIPTION	RISK MITIGATION ACTIONS
1	Adequacy and availability of IT infrastructure (server, network, firewalls)	• Inability of the IT Infrastructure to support the business needs and requirements	• Develop approve and implement an enterprise-wide strategic road map including an ERP system to support the strategy • Develop functional, non-functional and tender documentation for ERP system requirements • Sourcing vendor for the implementation of new ERP System
2	Adequacy and availability of ERP Business System (Ebizframe, E-NaTIS, MDC automation)	• Inability of the IT business system to support RFA Business needs and requirements	• Source vendor to develop the specifications and requirements of the ERP system • Develop functional, non-functional and tender documentation for ERP system requirements and sourcing vendor for the implementation of new ERP System
3	Limited skills in areas such as database administration and coding	• Reliance on external service provider for Ebizframe system in terms of database administration and system coding	• Having AMC (Annual Maintenance Contract) in place • Maintain relationship with the service provider
4	Business Disruption Risk	• RFA's ability to recover from major business incidents/ disasters and minimise business disruptions Communications protocols in the event of a potential disaster	• Identification of threats to RFA business operations and develop mitigating plans (Business Continuity and Disaster Recovery Plan)
5	Implementation of the New ERP System	• Inability of the new system to meet the RFA business needs and requirements • Inadequate project management could jeopardise successful implementation • If data migration is not properly executed, RFA could migrate with incomplete and incorrect data • Additional requirements to the project could result in exceeding the budget and extending the time-frame of the project • Change management - users could reject the system (to bring the users on board with the idea of the new system)	• Develop ERP system requirement documentation and project charter • Initiate procurement process
6	System downtime	• Server disconnections of the Ebizframe ERP system at random intervals instigated unexpected shutdowns	• Identification of threats to RFA business operations and developing mitigating plans (Business Continuity and Disaster Recovery Plan) • Backups performed • Business continuity testing
7	Ebizframe ERP System Support	• Possibility of not receiving the necessary support from external service provider (Ebizframe)	• Ebizframe data clean-up project. • Ebizframe data migration plan to be developed and approved by management
8	Collection of revenue	• Lack of performing monthly reconciliations • Incorrect posting of financial information • Incorrect financial data being provided • Safeguarding of funds and inaccurate collection reporting • Integrity of systems and financial information • Incorrect calculation of administration fees retained by RFA	• Enhance revenue collection streams - MDC (local) system automation • Develop, approve and implement Debt Collection Policy • Debt Collection Strategy to be developed and implemented
9	Theft, fraud and corruption	• Validity of invoices (fuel levy refunds) • Fraudulent reporting (misstated information/financial information) • Manipulation of fuel levy refunds, CBC, MDC - local; log books, licence fees • Incidences of bribery and corruption within processes	• Develop and approve Fraud Prevention Policy • Develop and approve the following policies: CBC, MDC, Fuel Levy Refund, Financial Management and Inspectorate Policies.
10	More functional organisational structure	• Functional organisational structure (re-design, management and supervision positions). • Vacancies at critical levels/positions • Number of staff available as well as the quality of skills within the organisation. • Capability/capacity of middle management positions Dealing with non-performance at all levels	• Review, approve and implement functional organisational structure • Review and update the RFA organisational structure • Review and update job descriptions and re-grading of all positions

INTERNAL AUDIT AND RISK MANAGEMENT

FRAUD RISK ASSESSMENT

The key risks and opportunities that have a material impact on our business model and the value we create were identified as part of several strategic planning workshops held during the last quarter of 2019. This was followed by a strategic risk workshop held in February 2020 to ensure alignment of the strategic risks with the strategic risk register, in consultation with EXCO and senior staff members.

Proactive measures and comprehensive controls have been established with continuous monitoring of all risks. Reporting to the AIRCC Committee is done quarterly.

FRAUD PREVENTION AND DETECTION

A survey to determine the level of staff awareness about the RFA fraud hotline was conducted in November 2019 followed by fraud prevention and detection awareness sessions. The sessions were well attended by employees at head office and border post offices.

A fraud perception survey was conducted by Deloitte Namibia in November 2019 to assess the level of awareness with regards to the risk of fraud and the internal management processes related thereto.

A Fraud Risk Register was subsequently developed with anti-fraud controls identified by key staff members. The objectives of the Fraud Risk Register are to:

- Identify the inherent and residual areas of fraud risk
- Determine the likely fraud schemes within those fraud risk areas
- The possibility of the RFA being subjected to fraudulent activities
- Establish proactive communication with employees around fraud perception.

Internal audit plays the role of providing assurance and consulting services that allow for improved governance, risk management, and control processes within the organisation. It does this by ensuring that effective internal controls are put in place to safeguard the assets of the RFA, and further ensures compliance to applicable laws and regulations. This is done through audits as set out in the rolling internal audit plan for the year.

Internal audit findings are evaluated to provide a level of assurance on the effectiveness of the system of internal controls using the Internal Audit Matrix as well as the Internal Audit Tracker. The audit matrix allows the RFA to track the implementation of recommendations provided via prior audits. The findings from prior audits are potential risks that have been identified before they become issues for the organisation. Internal audit advises management on the integration of risk management into the day-to-day operations of the business. The risk appetite of the RFA is determined through the process of strategic planning and determining the level of risk the organisation is willing to take as it relates to achieving its strategic goals and objectives. The risks identified as part of this process are prioritised in accordance with set criteria. Monitoring activities are regularly conducted and the suite of risks periodically re-assessed. New risks which may emerge as part of this process are also considered and included in the risk table.

RFA has a **whistleblower hotline** which is administered by Deloitte Namibia. The hotline is a channel that allows employees, clients and stakeholders to confidentially alert the organisation about suspicions of misconduct. It is an important tool for reducing risks and building trust as it enables managers to detect and act on possible misconduct at an early stage.

FOCUS FOR 2021 AND BEYOND

We will, in the coming year and beyond:

- Continue to complete the fraud perception survey and fraud risk assessment for the remainder of the RFA divisions
- Submit the Fraud Prevention and Corruption Policy, which is currently being drafted for submission to the AIRCC for consideration and subsequent approval by the Board
- Incorporate data analytics in the day-to-day audits
- Appoint risk champions
- Continue with the process of developing fraud registers for each division
- The three-year Risk Management Plan developed will be submitted to the AIRCC in April 2020 for recommendation and approval.

FINANCIAL PERFORMANCE OVERVIEW

The financial statements for the year ending 31 March 2020 reflect an unqualified audit opinion, a standard of financial management and internal control which the RFA is committed to maintain.

PERFORMANCE FOR 2020

The RFA performed well during the year, despite the contraction of the Namibian economy and the reduction of the vehicle population growth in Namibia. The organisation was able to achieve its mandate and honoured its commitments to the RA and other AAs. All programmed road maintenance work on the national road network, urban roads and traffic enforcement expenditures were fully funded during the period under review. However, while road maintenance work was fully funded (with N$1.1 billion), a dire need remains for additional funding to be made towards increasing the maintenance and rehabilitation of the national road network at economically efficient levels. Meanwhile, the year-on-year funding allocation for road maintenance and rehabilitation has increased, with expenditure on roads projects increasing from N$1.72 billion in the previous year, to N$1.77 billion as at 31 March 2020.

Revenue has increased year-on-year by 4% from N$2.5 billion in the prior year, to N$2.6 billion ending March 2020 with expenses of N$2.4 billion recorded. An operating surplus of N$240 million was recorded as at 31 March 2020.

N$2.6bn +3.6% — **REVENUE** 2019/2020

N$2.5bn +5.5% — **REVENUE** 2018/2019

N$2.4bn — **REVENUE** 2017/2018

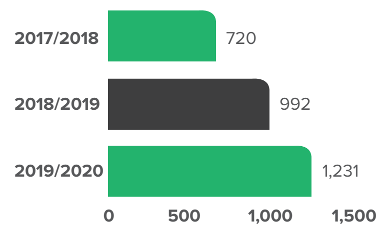
The RFA's asset base is relatively narrow and the accumulated Fund surplus/retained income stood at N$49 million at the end of the financial year (an improvement from N$ 191 million deficit in the previous year). This is, however, inherent to the nature of the business and is counterbalanced by both the revenue collection capacity and a series of strategic measures taken to strengthen the RFA's financial position going forward.

The assets of the RFA have grown from N$1 billion in the 2018/2019 financial year to N$1.2 billion ending 31 March 2020, further strengthening the financial position of the Fund. The level of spending commitments was efficiently managed in the current economic climate, save during emergencies and natural calamities. The recent experience with multiple large-scale road construction and maintenance projects running concurrently is unprecedented and exerts funding pressures on the RFA and the Government. This situation calls for greater coordination and prioritisation to ensure that future project commitments are within sustainable and affordable means of financing.

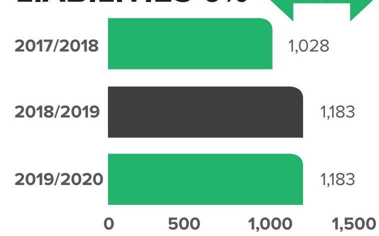
A working capital facility of N$500 million was raised on behalf of the Government and deployed in the economy to defray the cost of urgent funding needs in the road sector. This facility was repaid by the Government during the period under review.

Fund's Financial Position (N$ million)

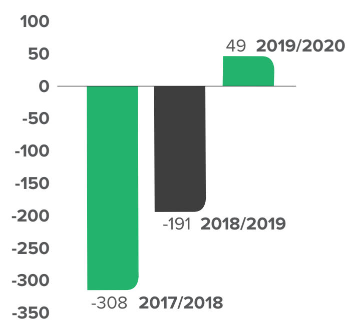
ASSETS 24%



LIABILITIES 0%



ACCUMULATED SURPLUS



RFA
FUNDING STRATEGY

The overarching strategic aim of the RFA is to ensure that the liquidity of the Fund is not compromised. As such, the debt to asset ratio has improved over the strategic planning horizon, from 2.42 to 1.31.

The RFA secures funding to execute its mandate through the development and optimisation of a funding strategy to inform annual business plans. This is accomplished by determining the amount of funding required in consultation with key stakeholders and by allocating funding according to the approved business plans annually.

The 2020 - 2025 Business Plan was presented as a budget of revenue and expenditure for road sector projects and programmes at the Annual Business Plan Stakeholders' Consultative Workshop held on 14 November 2019. Substantial responses were received at this meeting and were duly incorporated into the 2020 - 2025 Business Plan, which was subsequently adopted by the Board on 12 December 2019 and approved by the Minister of Finance.

The key issues and recommendations that were received from the stakeholders are listed below:

KEY ISSUES

- Negative equity on balance sheet was flagged as an issue
- Optimistic revenue projections will be impacted by unfavourable economic conditions experienced on international, regional and local economies
- Separate NaTIS non-RUCs revenue estimates from the Vehicle Licence Fees under the Business Plan
- Insufficient funding allocated to the regravelling programme over the past five years has resulted in the rapid deterioration of gravel roads in the country
- Additional funding is required to reduce the ten-year reseal backlog
- A long-term strategy to generate additional sources of revenue is required.

RECOMMENDATIONS

- Reduce the negative equity on the RFA balance sheet to zero
- Revise economic growth assumptions down-wards
- Implement the funding allocation model for LAs and RCs
- Separate the RUCs and non-RUCs revenues
- Substantially increase funding towards road maintenance within the current revenue constraints
- Review and ensure that the revenue model and long-term maintenance plan is 'fit-for-purpose'
- Leverage smart technologies to increase revenue
- Investigate additional revenue generation opportunities beyond RUCs.

The 2020 - 2025 Business Plan proposed that the accumulated surplus of N$309 million projected for the 2019/2020 financial year be utilised for regravelling and to restore gravel roads from the current 45 mm average to the original design level specification of 150 mm.

Marginal surpluses, totalling N$14 million over the next five years, have been budgeted for in order to replenish the Fund's cash assets and redeem existing loans in compliance with loan agreements.

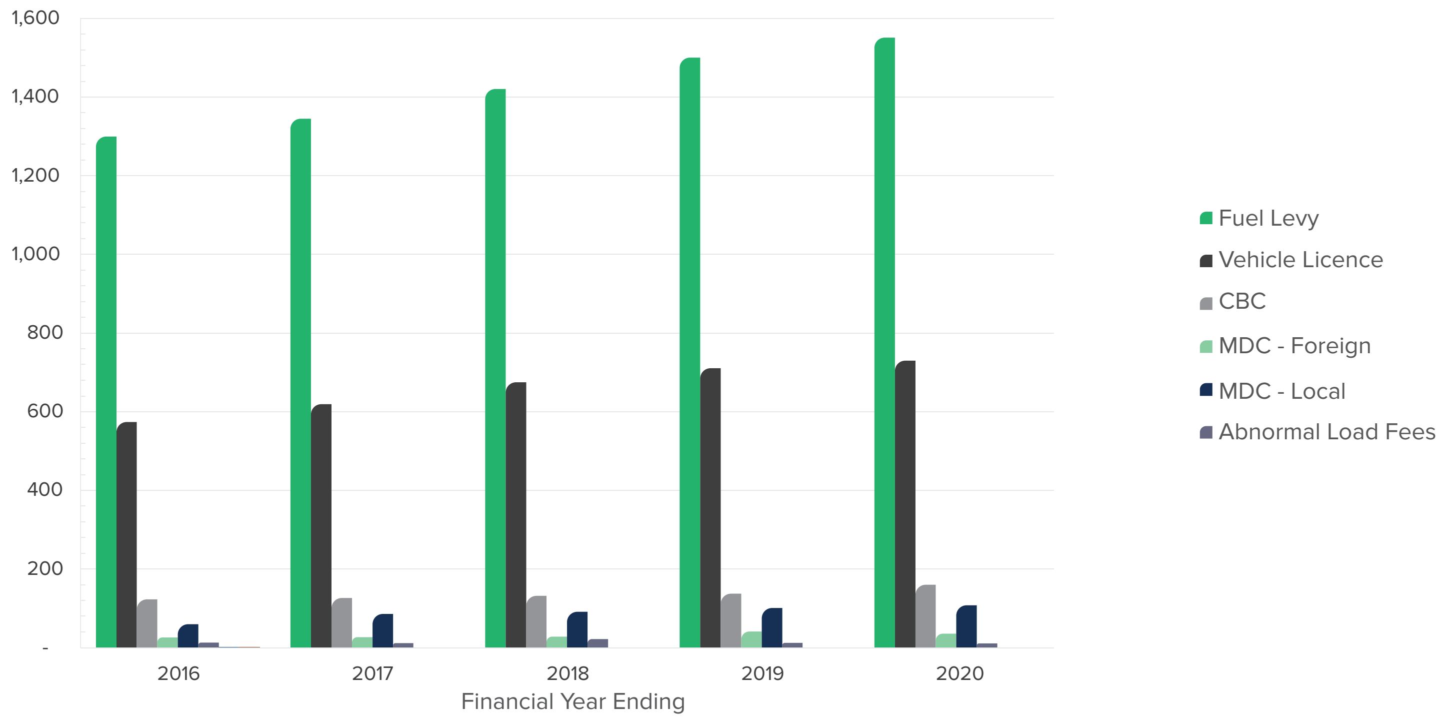
After the approval of the 2020 - 2025 Business Plan, and the subsequent economic fallout from the COVID-19 pandemic, management proactively revised the planning parameters under the 2020 - 2025 Business Plan and revised both revenue and expenditure estimates by N$180 million in the 2020/2021 financial year and by N$1.36 billion over the remaining four-year period. These adjustments have realigned the expenditures to the economic realities in order to safeguard the solvency of the Fund through the COVID-19 crisis. The RFA has additionally strengthened its revenue estimations models to support flexible budgeting and agile decision support systems to respond to the ever-changing economic environment.

ANNUAL REVENUE AND INCREASE IN RUCs TARIFFS

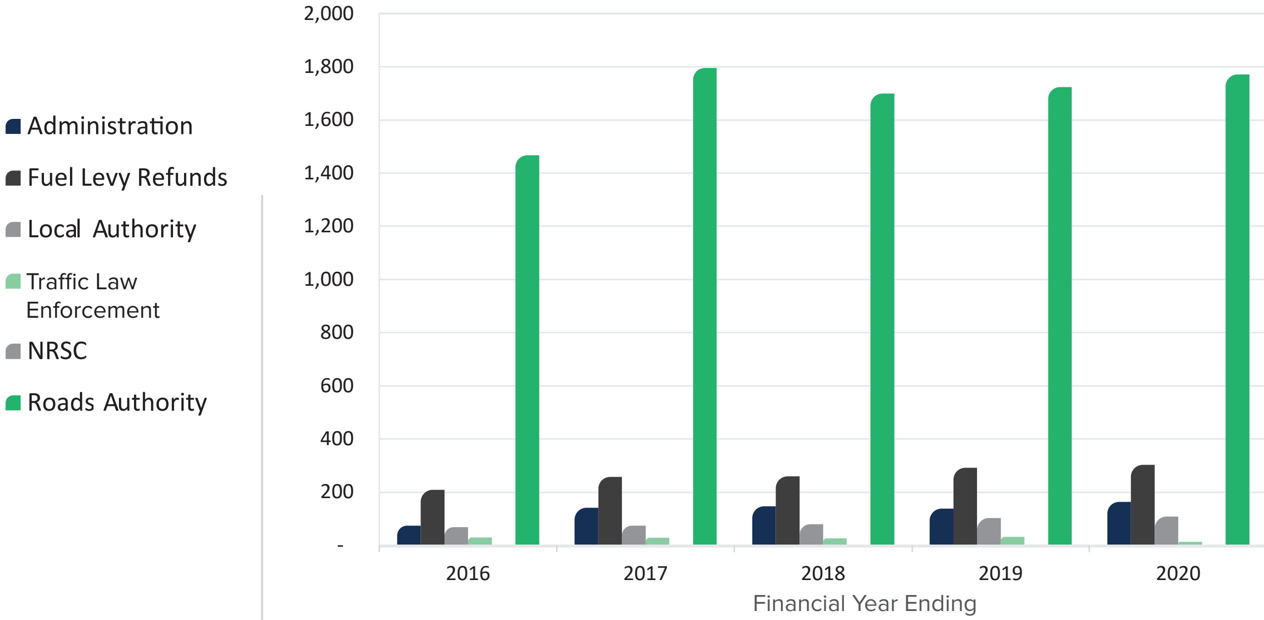
A RUCs increase of 4.3% was granted by the Minister of Finance in March 2019 with effect from 1 May 2019. This resulted in a year-on-year improvement on the collection trend pertaining to all RUCs, with the exception of abnormal permit fees.

Monthly revenue collections targets are closely monitored by the RFA.

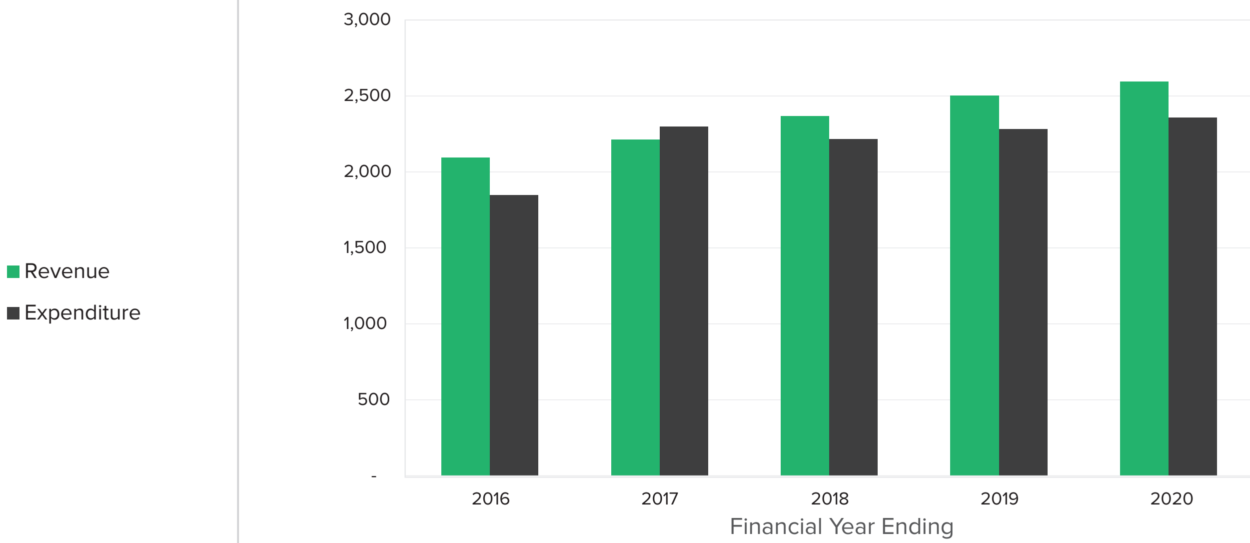
REVENUE TRENDS FY 2016 - 2020 (N$ million)



EXPENDITURE TRENDS FY 2016 - 2020 (N$ million)



REVENUE AND EXPENDITURE TRENDS FY 2016 - 2020 (N$ million)



A loan agreement was signed with the Kreditanstalt für Wiederaufbau (KfW) in November 2015 to the amount of N$447 million (denominated in South African Rand), at an interest rate of 7.81%. This loan was required to finance the rehabilitation of a portion of the TR1/6 road between Windhoek and Okahandja.

In December 2017 the RFA signed a second loan agreement with KfW of N$482 million backed by a Government guarantee for the purpose of funding the rehabilitation of an 87 km section of road between Keetmanshoop and Mariental. The first tranche was received in May 2018 and the second tranche in May 2019, at an interest rate of 7.50%.

The RFA has medium to long-term financial plans to ensure that obligations towards these loans are met and that the liquidity of the Fund is protected.

OUR
OPERATING CONTEXT

The RFA's strategic intent is to be a best-cost road maintenance fund, maintaining a high-quality national road network, at affordable rates, thereby supporting the national logistics hub strategy as articulated in Namibia's national development plans.

CREATING VALUE THROUGH OUR 2019 - 2024 INTEGRATED STRATEGIC BUSINESS PLAN (ISBP)

OUR STRATEGIC ROADMAP

Our new 2019 - 2024 Integrated Strategic Business Plan (ISBP) builds on a solid foundation established through the execution of numerous strategic initiatives implemented as part of the 2014 - 2019 strategic plan, many of which remain ongoing under the new ISBP. Key elements pertaining to budgeting of revenue, including loans, and expenditure for road sector projects and programmes, of which the funding is authorised by the provisions of section 17 of the Road Fund Administration Act, were also included in the ISBP.

The new ISBP sets out the strategic intent of the RFA and is a strategic roadmap for the next five years, to ensure long-term operational sustainability based on sound governance against the backdrop of challenging macroeconomic circumstances.

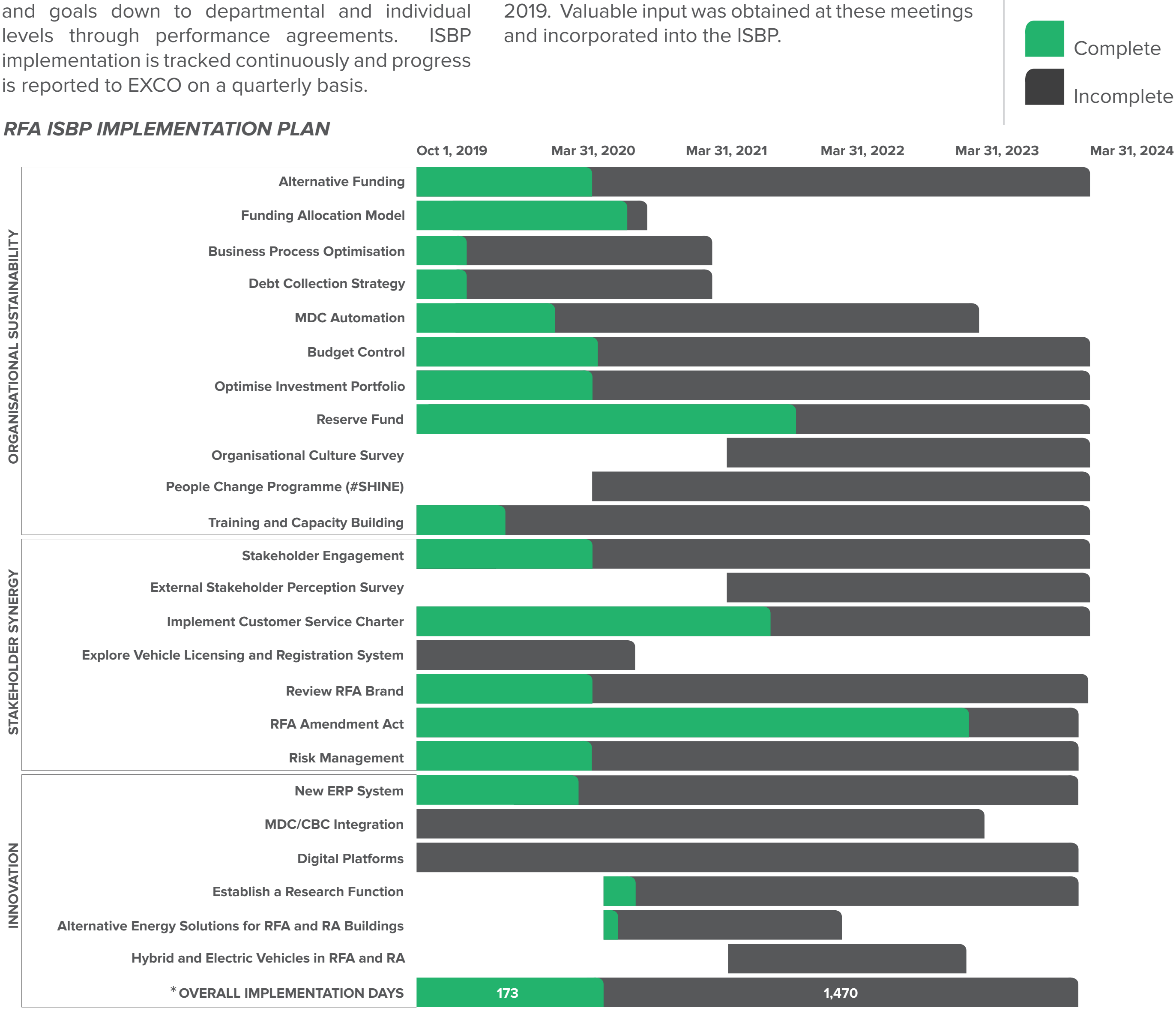
The ISBP focuses on three overarching strategic themes, underpinned by five strategic goals, and eleven strategic objectives, as shown on the next page.

STRATEGIC THEMES	GOALS (DESIRED OUTCOME)	STRATEGIC OBJECTIVES	STRATEGIC INITIATIVES AND PROJECTS	ACCOUNTABILITY
STRATEGIC THEME 1 ORGANISATIONAL SUSTAINABILITY	By 2024, the RFA should have achieved 65% of optimal funding to the road sector	**Achieve Optimal Funding**	Investigate alternative sources of funding and recommend relevant implementation	PMPA
			Review funding allocation models and implement	PMPA
		Maintain prudent financial management	Optimise existing business processes to mitigate revenue leakage	Fund Management
			Develop and implement debt collection strategies	Fund Management
			Strengthen budget control and reporting	Fund Management
			Manage investment portfolio	Fund Management
			Create a reserve fund	Fund Management
			Implement MDC automation	PMPA
	By 2024, inculcate a performance management culture with an institutional performance score of 4.0	**Inculcate a high-performance culture**	Conduct an organisational culture survey	Strategic Services
			Implement Change Management programmes (#SHINE)	Strategic Services
			Implement a training and capacity-building plan	Strategic Services
STRATEGIC THEME 2 STAKEHOLDER SYNERGY	By 2024, achieve and sustain a 90% overall stakeholder satisfaction rating by adopting a stakeholder value approach, placing stakeholders at the heart of everything we do	**Nurture stakeholder relations**	Review and implement a coordinated stakeholder engagement strategy	Strategic Services
			Conduct an external stakeholder perception survey	Strategic Services
			Review and implement the new RFA Brand	Strategic Services
			Implement the new Customer Service Charter	Strategic Services
			Explore a vehicle licensing and registration system	PMPA / ICT / Fund
		Attract and retain competent staff	Develop and implement Attraction and Retention Strategy, aligned to Skills Audit	Strategic Services
			Develop and implement succession planning strategy	Strategic Services
		Ensure employee wellness	Facilitate employee engagement survey every second year and implement improvements	Strategic Services
			Develop and implement health and safety programmes (explore ISO standards)	Strategic Services
			Implement Emergency Response Plan for potential cross-border diseases	Strategic Services
		Enhance procurement	Compile and implement Annual Procurement Plan, train staff on procurement procedures and establish a procurement record-keeping system	Strategic Services
	By 2024, RFA should have promulgated secondary legislation and be reputable for unquestionable governance practices	**Maintain a robust regulatory environment**	Collaborate on drafting and implementing the RFA Amendment Act	Compliance, Legal and Company Secretary
			Execute a risk management framework to mitigate risks	Audit and Risk
STRATEGIC THEME 3 INNOVATION	INNOVATION By 2024, Namibia ranked number 25 in the Global Competitive Road Sector	**Implement integrated enterprise systems**	Implement a new ERP system	ICT
			MDC/CBC to be integrated into new ERP system, including interface with e-NaTIS and banking platform.	ICT
			Create relevant digital platforms	ICT
		Build research capacity	Establish a research arm or division to collaborate with strategic stakeholders to identify and/or develop and/or adopt new strategies, techniques and/or methodologies to unlock value in the roads sector	PMPA
		Implement environmental-friendly technologies	Installation of solar panels on RFA and RA buildings	PMPA
			Adoption of hybrid and electric vehicles in RFA and RA fleets	Strategic Services

The RFA's ISBP is supported by the Balanced Scorecard, a strategy performance management tool designed to continuously monitor and evaluate the performance of the ISBP and similar measures identified by the key performance indicators. The performance management system complements the ISBP by cascading key performance areas, targets, and goals down to departmental and individual levels through performance agreements. ISBP implementation is tracked continuously and progress is reported to EXCO on a quarterly basis.

Our collaborative and inclusive planning approach was extended to stakeholders with a specific interest in, and who may be affected by the strategic direction of the RFA. Numerous stakeholders were invited to share their views and express their concerns at a strategic planning retreat in June 2019 followed by the annual stakeholders' meeting held in November 2019. Valuable input was obtained at these meetings and incorporated into the ISBP.

RFA ISBP IMPLEMENTATION PLAN



*The 173 days are the average days spent on each strategic project vs the 1,470 average days budgeted for the execution of the strategic projects.

The desired outcomes of the NDP5, with specific reference to transport and logistics, states that Namibia must have a safe, reliable, affordable, and sustainable transport infrastructure, and be a world-class logistics hub connecting SADC to international markets, by 2022. These outcomes were key factors in developing the ISBP because they align well with the RFA's vision to be the ''global leader in sustainable road infrastructure funding and management'', thereby contributing to our national development goals, and our mission statement in which we aim to manage Namibia's RUCS ''to provide optimum funding for an equitable, safe and economically efficient road sector, for the benefit of road users."

To ensure successful implementation of the ISBP, an amount of N$204 million was allocated for the effective execution of the strategic plan over the next five years, in line with the RFA core mandate. This will enable RFA to deploy strategic resources and leverage key partnerships through various channels, in order to remain the most cost effective service provider, thereby ensuring value for money for road users.

The ISBP was approved by the Board in October 2019 and implementation of the strategic initiatives has begun. An implementation plan has been crafted, which tracks the scheduling and implementation rate of the strategic initiatives. Within the last five months of the financial year under review, 18% of the ISBP had been implemented. The Funding Allocation Model and provisioning for the Reserve Fund are ahead of schedule.

Desired Outcome: By 2022, Namibia has a safe, reliable, affordable and sustainable transport infrastructure, a world-class logistics hub connecting SADC to international markets.

Indicator	Baseline	Targets over the NDP5 Period				
		2017/18	2018/19	2019/20	2020/21	2021/22
Km road upgraded to bitumen standards	850 (2016)	1050	1250	1450	1650	1850
Km road constructed to gravel standards	477.7 (2016)	577.7	677.7	777.7	877.7	977.7
Km road rehabilitation	28 (2016)	270.0	513.6	756.4	999.2	1242
Km road preservation (reseal)	2300 (2016)	2900	3500	4100	4400	4600
Km road preservation (re-graveling)	2000 (2016)	2960	3920	4800	5840	6800
Number of road cash fatalities per 100 000	33 (2016)	30	27	23	20	16
% of railway network complying with SADC code load recommendation of 18.5 tonnes	48% (2016)	52%	56%	60%	65%	70%
% of locomotive availability	52% (2016)	60%	65%	70%	75%	85%
Rail as a % total transport market share	24% (2016)	25%	26%	28%	30%	30%
Port of Walvis Bay has the capacity to handle a minimum of one (1) million TEUs per annum	0.35 (2016)	0.35	1	1	1	1
% compliance with ratified International Maritime Organisation (IMO) standards	40% (2016)	45%	55%	65%	75%	80%
% compliance rating to ICAO standards and recommended practices	68% (2016)	69%	70%	71%	73%	75%

NATIONAL ALIGNMENT

The RFA has aligned its strategic thinking and planning process to the relevant "Transport and Logistics" indicators of the Fifth National Development Plan (NDP5), as illustrated hereunder. The RFA's mandate is, however, primarily focused on funding road rehabilitation and maintenance. It shall also explore synergies within the logistics hub model.

2019 - 2024 ISBP - MEDIUM TO LONG-TERM MEASURES AND TARGETS

- ✓ Achieve 65% optimal funding by 2024
- ✓ Achieve revenue growth of 7% year-on-year, by 2024
- ✓ Maintain a revenue budget variance of 3% throughout the strategic period
- ✓ Maintain an expenditure budget variance of 2% throughout the strategic period
- ✓ Maintain a liquidity ratio of 1:1 throughout the strategic period
- ✓ Maintain an asset-liability ratio of 1:1 throughout the strategic period
- ✓ Inculcate a high-performance culture by progressively improving on the Culture Satisfaction Survey up to 90% by 2024
- ✓ Achieve an institutional performance score of 4.0 by 2024
- ✓ Execute 70% of all Individual Development Plans by 2024
- ✓ Achieve a 90% stakeholder satisfaction rating by 2024
- ✓ Achieve an 85% customer satisfaction rating by 2024
- ✓ Participate in the process to ensure that 100% of the regulations under the new RFA Act are drafted and passed
- ✓ Continuously ensure that 98% of the high risks are mitigated throughout the strategic period
- ✓ Ensure that 98% of systems are implemented by 2024
- ✓ Implement at least one value-adding innovation by 2021, and, at least, three by 2024

OUR FOCUS AREAS FOR 2021 AND BEYOND

We are excited about the strategic initiatives for the following financial year, which completely challenges the status quo and interrogates service delivery models and structures to drive operational efficiencies, cost diligence and more seamless integrated services to the road users. These include:

- **Funding allocation model:** Finalise a computerised model, which allocates funding to Local Authorities and Traffic Law Enforcement Agencies based on human population, vehicle population, employment and economic parameters. The model will ensure a more transparent and reflective allocation, with an element of cross subsidisation to the less economically endowed approved authorities.

- **Investigate localisation of the e-NaTIS system:** Currently, all vehicle registration data is stored in South Africa and thus poses a number of challenges and risks. The data needs to be repatriated and managed locally to integrate data across various platforms, applying advanced data analytics and fully utilising the data asset for the benefit of the road user.

- **RFA rebranding:** As the world transitions towards a more connected future, with intelligent vehicles, smart roads, big data, artificial intelligence and sustainability, the RFA intends to be at the forefront of the development curve and therefore the RFA corporate identity needs to align with this vision.

STRATEGIC THEME 1
ORGANISATIONAL SUSTAINABILITY

By 2024, the RFA should have increased funding to 65% of optimal funding target.

OUR STRATEGIC INITIATIVES

INVESTIGATE ALTERNATIVE SOURCES OF FUNDING AND RECOMMEND RELEVANT IMPLEMENTATION

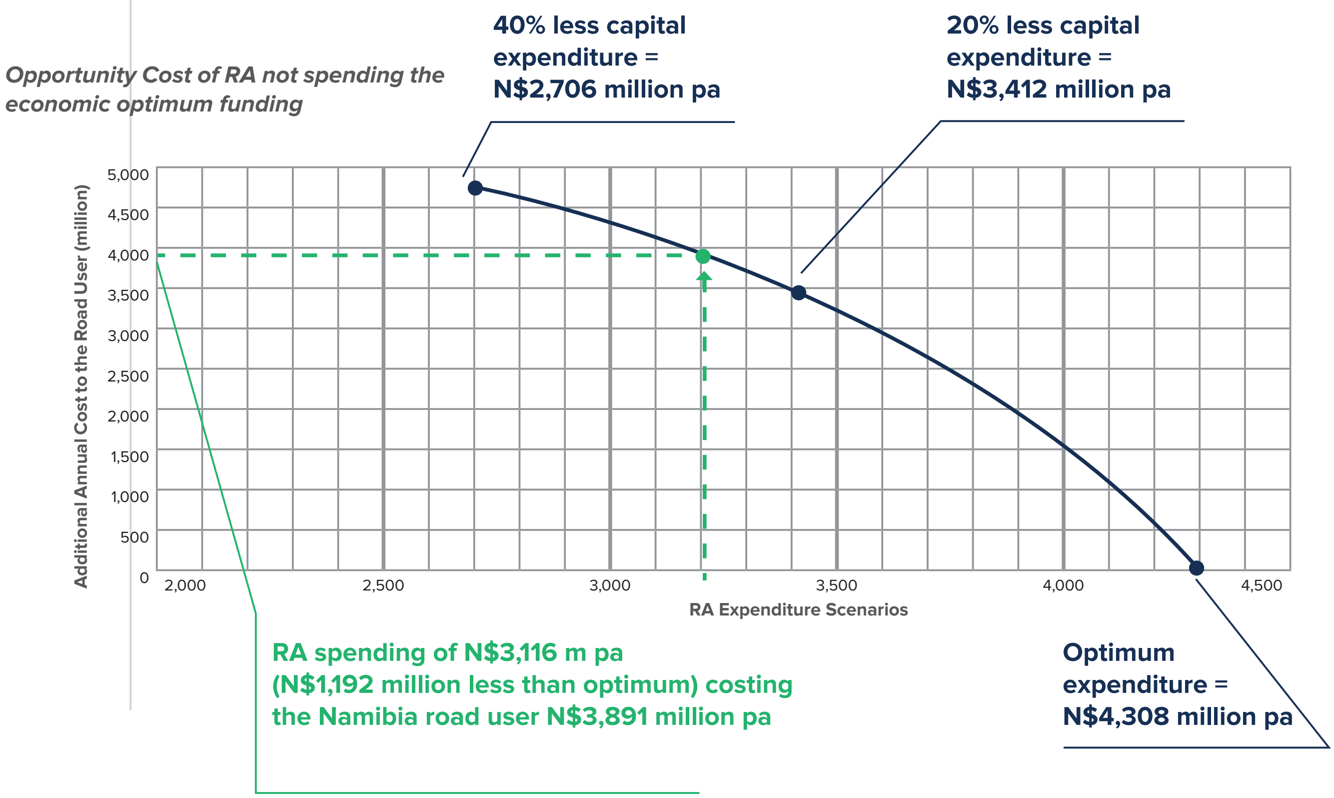
REVIEW FUNDING ALLOCATION MODELS AND IMPLEMENT

ACHIEVE OPTIMAL FUNDING

The manner of funding determinations, as indicated in the ISBP, reflect that the RFA intends to adopt a strategy of increasing (in real terms) the level of road maintenance funding towards the optimal level, within the RA's means of increasing industry capacity in road maintenance over the next years.

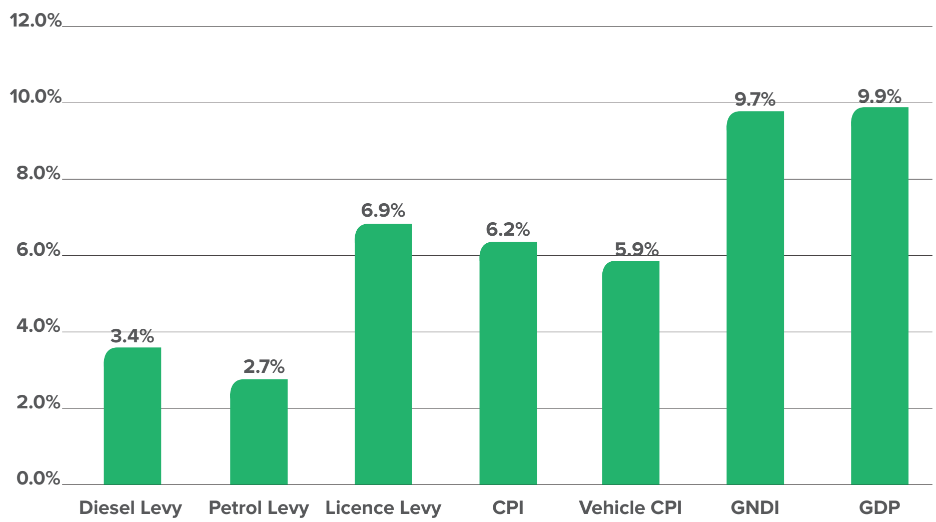
INVESTIGATE ALTERNATIVE SOURCES OF FUNDING AND RECOMMEND RELEVANT IMPLEMENTATION

A key strategic priority of the RFA over the strategic planning period will be to diversify its revenue base and investigate additional sources of revenue to boost the Fund, such as distance-based road user charges and tolling. While over-reliance on fuel levies poses a risk and is not sustainable in the long run, it also presents an opportunity for the RFA to enhance and explore alternative revenue streams.



Over the past two decades both diesel and petrol levies have lagged behind key economic indicators. Diesel and petrol levies have increased by 3.4% and 2.7% respectively, whilst the overall price level in Namibia, as measured by the Consumer Price Index, has increased by 5.9%. Disposable income has increased by 9.7%, and the GDP by 9.9%. This has effectively eroded the share of the wallet that is dedicated to road maintenance, which is a key enabler for economic growth. The fuel levy currently stands at N$1.36 and is well below the inflation adjusted benchmark of N$2.42. The continues under-funding of N$1.2 billion increases overall transport costs by a staggering N$3.9 billion, resulting in a N$2.7 billion (or 1.5% of GDP) net loss to society. This loss is reflected in higher vehicle operating costs, increased tyre damage, damaged suspensions and increased traveling time. It is therefore imperative that the optimal level of road maintenance is restored through a comprehensive review of the current road user charges and the applicability thereof to maintain the extent and quality of the road asset.

Compound Annual Growth Rate (CAGR) of Selected Indicators (2000 - 2020)



RUCs INCREASES

One of the determining factors in achieving our strategic objectives is increasing the rates of RUCs to, at the very least, keep up with inflation (mainly in road works costs). Although the majority of the road network is in a fair condition, the quality of the network is deteriorating due to sub-optimal maintenance funding. In an effort to maintain a good balance between the escalating road infrastructure expenditure and revenue collections from RUCs, the need to secure annual inflationary adjustments on the RUCs remains a high priority.

As the national road network ages, the need for the preservation and rehabilitation of our N$101 billion road network, which is a key enabler for economic growth and prosperity, becomes increasingly critical. A well maintained road infrastructure facilitates efficient transportation of goods and services, provides connectivity to the country's citizens, and ensures access to social services.
The resealing programme is therefore important and needs to be accelerated from the current 886 km per annum to 1,000 km per annum, ensuring improved drive quality of the roads whilst extending the useful life of the roads in anticipation for the increased cargo volumes emanating from the upgraded port of Walvis Bay and implementation of the Intercontinental Free Trade Agreement.

According to Stats SA's latest Construction Material Price Indices, the average cost of roadworks increased by 7.4% in the financial year ending 2020. This translates into a N$131 million increase in road maintenance expenditure in the next financial year. With the proliferation of electric and fuel-efficient vehicles, fuel consumption has been declining, resulting in stagnant revenue growth. Higher levels of RUCs are required to increase road maintenance funding in the interim, until a long-term distance-based RUCs is developed. A comparative RUCS study shows that Namibia has one of the lowest fuel levies in the region. South African road users pay R3.30/l, Lesotho road users pay R3.54/l, whilst Namibian road users pay N$1.36/l to use the best quality roads in Africa. Currently, the fuel levy is not cost reflective, eroding 3.2% of the road network value annually. At this rate, Namibia would lose its entire road network in the next 22 years.

The RUCs remain well below the full cost recovery levels, resulting in a maintenance backlog of N$1.1 billion in the financial year under review. Financial projections indicate that at this current level of road maintenance funding, road users are spending an additional N$3.9 billion in vehicle operating costs, resulting in a N$2.8 billion loss to society. Deliberate interventions are required to progressively increase funding over the medium term and restore our national road network to its original design specifications.

TOLLING STUDY

Increasing the level of road user charges is not sufficient to redress the maintenance backlog on our national roads. It is for this reason that the RFA has commissioned a study to explore the economic viability of tolling in Namibia. These would take the form of maintenance tolls, which are substantially cheaper than capital tolls. Good progress was made on the tolling study, which is nearing completion and has thus far shown a strong economic feasibility of tolling certain sections of roads in Namibia. This gives the RFA more funding options, which need to be considered in relation to the suite of road user charges. The draft Feasibility Study Report has been concluded. However, no decision has been made whether to pursue the tolling option. If the tolling option is pursued, a host of regulatory amendments are required along with the necessary public consultation process before tolling can be implemented in Namibia.

NaTIS ONE-STOP-SHOP

There are currently two NaTIS Centres servicing Windhoek, which caters for most, but not all, services and transactions. In addition, the current vehicle and driver population has exceeded the capacity of the Windhoek NaTIS facility, resulting in long queues of frustrated and unhappy customers, illegal operation of vehicles, and increased road safety risk. Therefore, the RFA has continued to pursue the expansion of Windhoek NaTIS to a new facility in order to enhance service delivery and customer experience.

This will be achieved by consolidating all road user service offerings of the RA and the RFA at a single facility in Windhoek, coupled with technology to supply fast and efficient processes that create positive client experiences. Sufficient space has been allocated to co-locate complementary service providers (such as driving schools) that can benefit from the shared facilities. Once successfully implemented, this service model will be replicated across the rest of the NaTIS network.

We believe that the new facility will remove service bottle necks and increase the transaction volumes for the central regions. This would in turn increase the facility's revenue to the point where the revenues are sufficient to cover the service delivery costs, which are currently subsidised by the road user in part.

REVIEW FUNDING ALLOCATION MODELS AND IMPLEMENT

Revenue growth is a prerequisite to secure adequate funding for the achievement of a safe and efficient road network with a specific focus to progressively increase road maintenance funding to optimum levels. This will restore and maintain the road asset quality to the original design standards. Additionally, surplus funding is required to replenish accumulated deficits and improve liquidity.

In order to ensure that the funds allocated to the recipient authorities are utilised effectively, technical capacity both internally and externally will need to be strengthened. In this respect, three major aspects have been identified and will continue to receive attention from all parties concerned in the road sub-sector.

Transportation Planning and Management
RFA is responsible for conducting an independent review of the projects and programmes submitted by the AAs. These reviews are done to ensure that projects and programmes conform to the generally accepted technical, transportation, economic, and financial practice. Furthermore, it is quite critical for Government to actively engage the RFA in the strategic planning of the road transportation network towards the national logistics hub aspirations.

Technical Risk Management Strategy
It is well recognised that the road infrastructure funding is constrained due to various challenges faced by the country. As a consequence, the introduction and implementation of a technical risk management strategy is of vital importance. Such a strategy shall ideally focus on strengthening technical capacity both internally and externally (to the AAs).

Technical Assistance to Approved Authorities
The lack of technical capacity at most of the Local Authorities (LAs) and Regional Councils (RCs) has contributed to a substandard service delivery in terms of road maintenance. Instances of under-expenditure, even against the backdrop of limited or inadequate funding allocations, have continually plagued the road sector. The RFA has funded technical assistance programmes to the LAs and RCs for the past three years, to the tune of N$26.1 million.

Progress has been slow, but we note the following positive outcomes of the programmes:

- Improved planning and prioritisation of maintenance works
- More complete payment certificates submitted to the RFA
- Timeous implementation of maintenance works and better management of works through continuous training and direct skills transfer
- 100% budget request submissions achieved for Business Plan purposes.

Our commitment to road preservation will be achieved by:

- Attaining optimal funding levels for the maintenance of the national road network, national road network rehabilitation projects, the maintenance of urban and local authority roads, and undertaking road research. These are subject to establishing a robust capacity for determining such optimum funding.
- Modest contributions to projects and programmes, such as traffic law enforcement and national road safety projects, are afforded the second priority.
- Road development projects are afforded the lowest priority. Loans could only be justified for rehabilitation and development projects, being once-off investments, but not for maintenance and other operational programmes, which are of a recurrent nature.
- Constant maintenance of the road network is critical to preserve the useful life of our roads and maximise the return on capital investment, supported by a world class road management system and active road management processes to prioritise and schedule road maintenance work. During the period under review no significant growth in the road network was observed. There was, however, a 4.6% increase in the size of the paved road network along with a corresponding decrease in the gravel road network. Namibia continued to expand its paved road network despite the national economy having contracted by 1.1% compared to a positive growth rate of 0.7%

The RFA aims to become actively involved in preparing the Medium to Long-term Road Master Plan (MLTRMP) and to provide an independent assurance with due regard to Government's Vision 2030, NDP5 and the HPP.

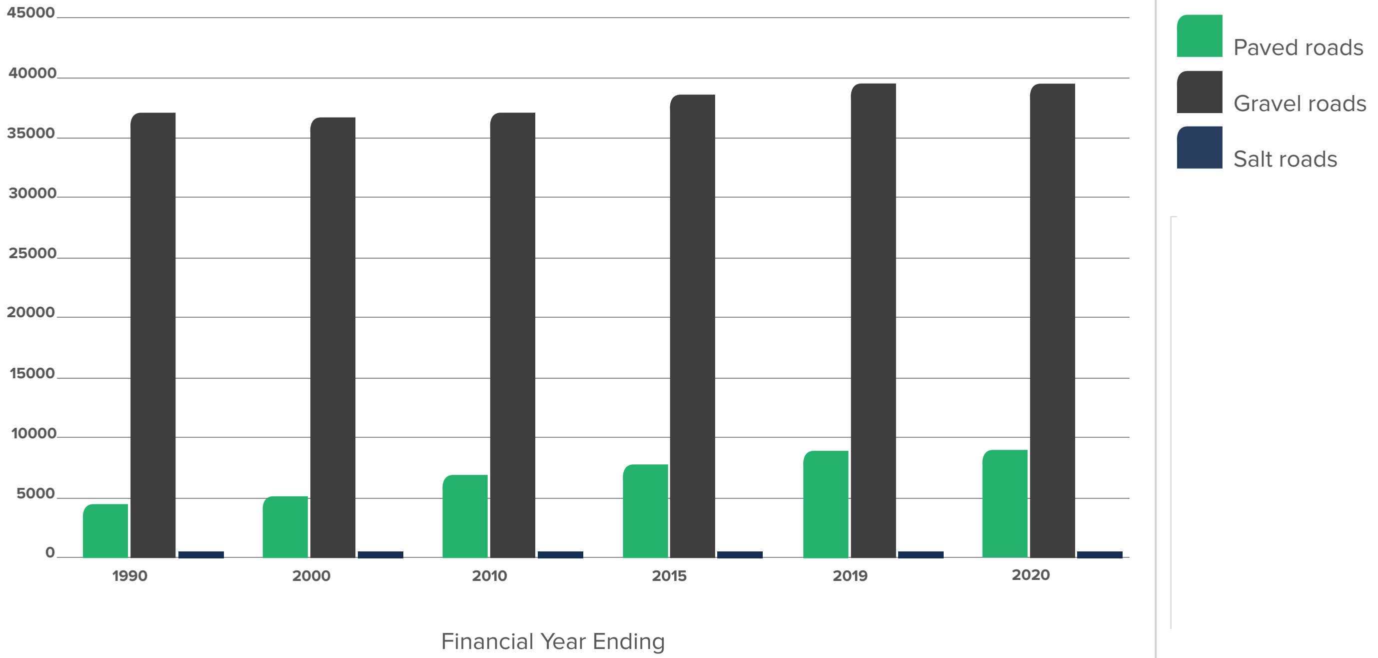
in the previous financial year. RFA complemented these expansionary efforts by investing N$1.77 billion towards the management of the national road network, a 2.7% increase from the previous financial year, in turn sustaining economic activity, jobs and excellent road transport infrastructure. While we celebrate these achievements, we strive to incorporate communities through increased SME participation in maintenance projects and provide economic opportunities along the national road network so that rural communities can derive long term economic benefits, social justice, and economic transformation, even at a time when the economic pie is shrinking.

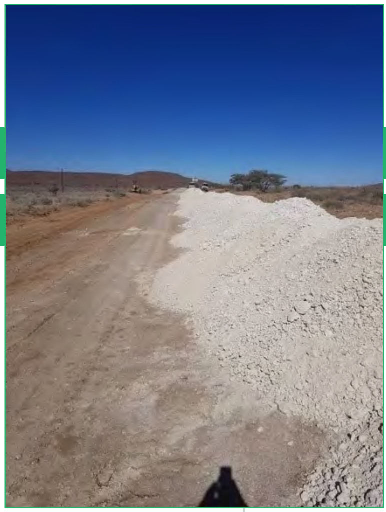
FUND ALLOCATIONS TO THE ROADS AUTHORITY

Budget Category	Financial Year 2019/2020	
	Budget Amount (N$'000)	Allocation (%)
RA Administration	490,066	24.9
Network Planning and Consultation	25,985	1.3
Roadworks - Maintenance	1,131,626	57.5
Roadworks - Rehabilitation	244,000	12.4
Road Management System	27,404	1.4
Overload Control	10,237	0.5
Traffic Information System	40,052	2.0
Total Budget (N$'000)	1,969,370	100.0

THE ROAD NETWORK STATUS (1990 - 2020)

Road Network Status (Km)





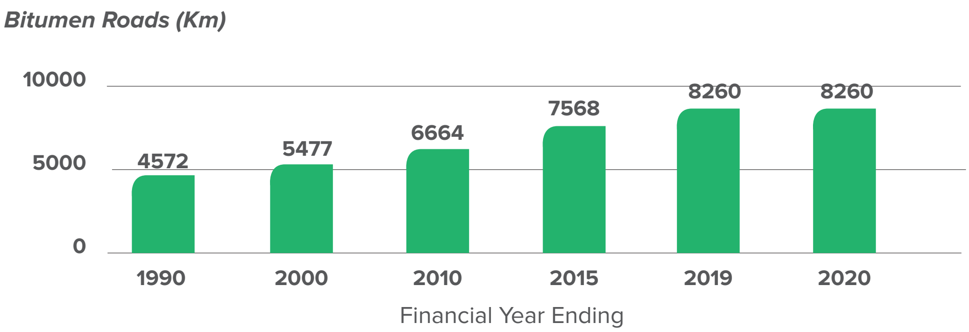
In the maintenance of the gravel road network, 1.9 million km of gravel roads were bladed. On average, each gravel road was bladed 51.7 times during the year, down from 54.1 times last year. Current blade km translate to weekly blading at a cost of N$198,81 per blade km. Blading cost per km increased by 19.2% from the previous financial year and is a cause for concern as it is higher than the roadworks producer price index in South Africa.

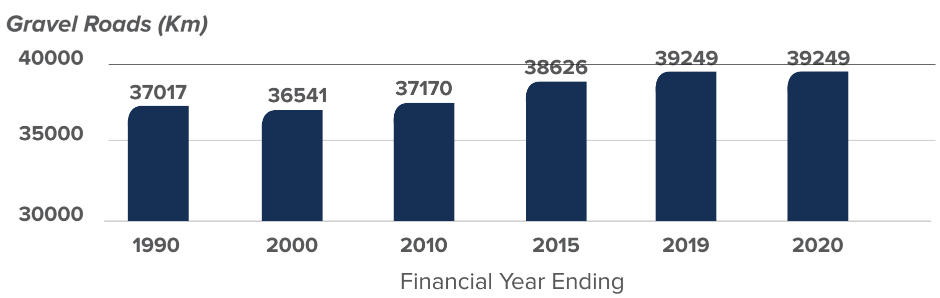
As the gravel road network is driven and bladed, the base is eroded over time, and therefore periodic regravelling is required to restore the gravel base. On average the gravel base has worn down to 17mm and is in urgent need of regravelling. The road deterioration model estimates that 1.8m^3 of gravel is lost on our gravel roads annually and that there is a need to re-gravel 2,700 km of roads annually. However, a mere 236 km of roads were regravelled at a cost of N$97.9 million during the year under review. This translates to N$415,000 per km, up 13.5% from the previous financial year. The current level of regravelling is thus insufficient to maintain the gravel road network and, therefore, additional funding towards the gravel road network has been budgeted over the business plan period. The medium-term strategy is to gradually increase the regravelling units and rebuild the gravel road network back to at least 75 mm thickness over the next ten years. The ten year plan would entail regravelling 2,700km per annum at a cost of N$990 million per annum. With the addition of a low volume seal, the maintenance costs can be reduced while improving the drive quality on the low volume seal roads.

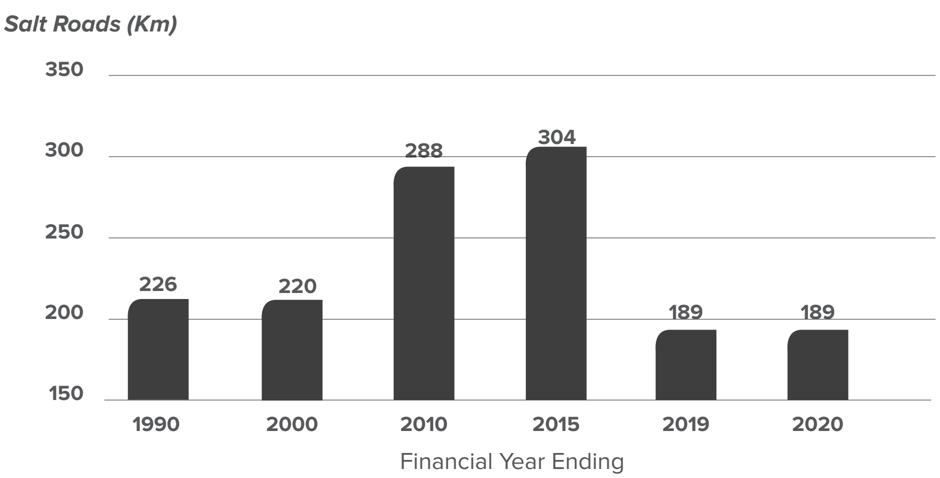
An amount of N$382.4 million was spent on resealing 531 km of roads in order to improve the ride quality of the roads whilst also extending their useful life. This translates to a unit cost of N$1.1 million per kilometre resealed, 120% more expensive than the previous financial year. This increase in reseal costs is significantly higher than the -3.8% reseal producer price index recorded in South Africa and is a serious cause for concern to the RFA, as the value for money principle is not evident in these unit costs escalations. Once again, the road deterioration model suggests that 830 km needs to be resealed annually in order to maintain the paved road network. This would push up the reseal costs to N$410 million at last year's unit costs.

Given the substantial investment made into road maintenance, the RFA and the RA are developing a roadworks costing and pricing tool that will address a critical lack of knowledge of material, labour and equipment cost drivers in the Namibian roads construction sector and thus improve maintenance cost control and ensure value for money in the road sector. In addition, there is an urgent need to develop robust project control systems that manage projects costs more effectively, while ensuring that technical standards are complied with.

GROWTH OF NATIONAL ROAD NETWORK BY ROAD SURFACE TYPE (1990 - 2020)





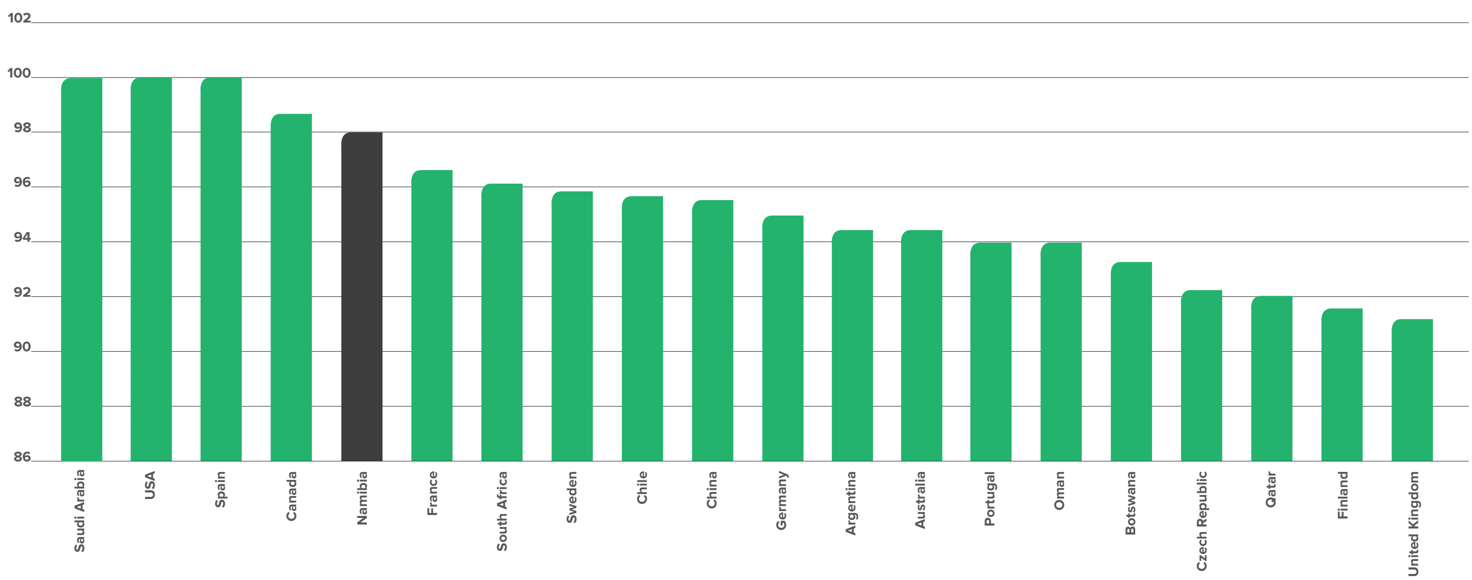


ROAD MAINTENANCE EXPENDITURE DISTRIBUTION (AS AT 31 MARCH 2020)

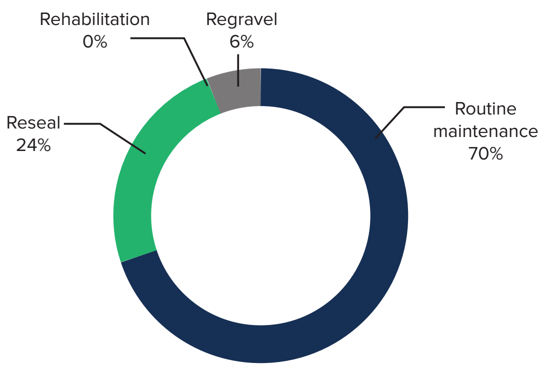
Activity	Production	Total Cost (incl. VAT) (N$)
Blading	1.92 million bl-km	381,716,711
Gravelling/Re-compaction	236 km	97,947,873
Routine Bitumen Road Maintenance	Entire Network	142,996,304
Resealing	531 km	382,446,958
Road Signs	Entire Network	2,106,485
Other	Entire Network	117,468,618
	Total	**1,124,682,949**

We recognise the unequal per capita distribution of the road network, which limits access to markets for some Namibians. Where the national average is 19.5 km of roads per 1,000 people, regions such as Omusati, Oshana, Ohangwena and Oshikoto lag far behind.

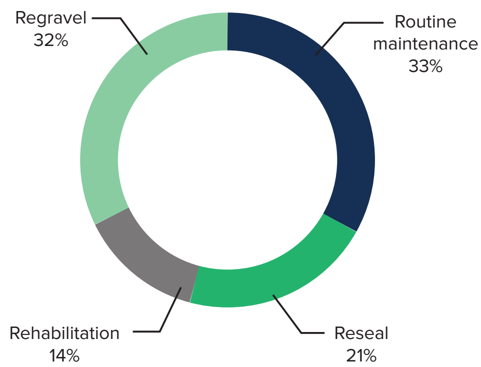
Global Road Connectivity Index (2019)



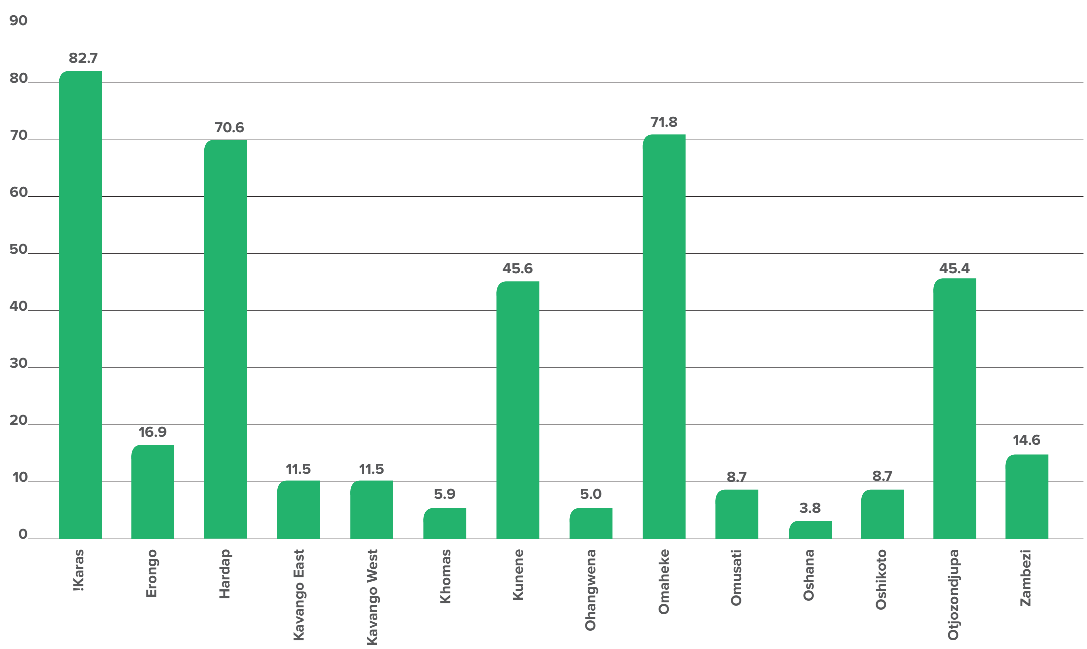
Current Maintenance Distribution



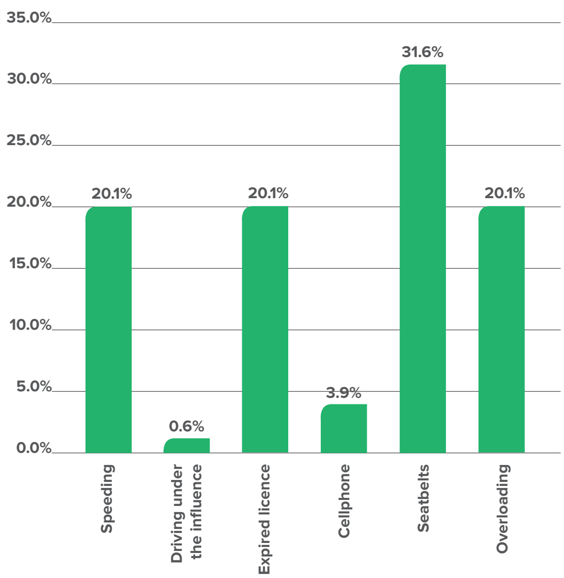
Optimal Maintenance Distribution



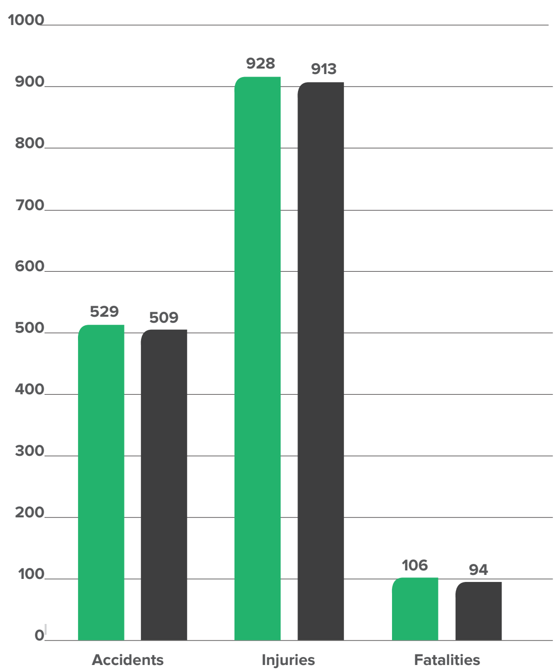
Km Roads per 1000 Population (2019)



Increase



Accidents, Injuries and Fatalities:
25 Nov - 15 Jan (2018/2019 & 2019/2020)



TRAFFIC LAW ENFORCEMENT

In fulfilling our road safety mandate, the RFA funded N$14 million to TLE and adjudication across the country. Beneficiaries included NAMPOL, Swakopmund, Otjiwarongo, Keetmanshoop and Katima Mulilo Traffic divisions, by funding traffic law enforcement vehicles, speed cameras, breathalysers and various training programmes. Expenditure was down 46.2% from the previous year due to AAs not utilising their RFA allocation on time. The RFA continued to engage the AAs to spend their allocations in the interest of road safety.

The number of traffic related summons' increased by 26.7% during the period under review. Of particular importance is the low growth in incidences of driving under the influence of liquor. Unfortunately, as shown in the graph below, the incidences of non-adherence to traffic laws and poor road behaviour persist.

Our TLE investments culminated in the joint Festive Season's Road Safety operation, which was conducted from 20 November 2019 to 15 January 2020 with our partners, NAMPOL, in collaboration with the National Road Safety Council, Municipal Police Traffic Officers, Roads Authority, and the Motor Vehicle Accident Fund, Self-Regulating Alcohol Industry Forum (SAIF), Ministry of Health and Social Service, Private Sector Road Safety Forum (PSRSF), Auto Mobile Association of Namibia, Med-Rescue, and other stakeholders. Accordingly, traffic accidents declined by 3.8%, whilst fatalities declined by 11.3%. This tells us that we are finally achieving positive returns on our TLE investments.

Although the RFA takes pride in its road safety achievements, the number of road accidents remains unacceptably high resulting in avoidable loss of lives and personal injury to Namibians. Road accidents remain a leading cause of death and injury in Namibia. According to the International Road Federation, road accidents are the leading causes of death for people between the age of 15 and 29. For upper middle income countries like Namibia, road fatalities and injuries cost the economy N$8.4 billion annually, or 4.7% of GDP. Therefore, the RFA will continue to drive the TLE budget execution rate towards 100% and accelerate the transition towards safer roads, starting with a balanced allocation of the funding towards the Namibian Police Traffic Division, which has a national presence, as opposed to the municipal presence of the remaining TLE agencies.

CHALLENGES

Since inception, the fuel levy has lagged behind inflation, vehicle population, and economic growth. As a result, the maintenance of the national road network remains underfunded. Fuel demand has been falling for the past four years, and will continue to fall as vehicles become more fuel efficient along with the advent of new electric vehicles. Increasing fuel levies merely provides a short term solution. A longer term solution is to transition towards distance based road user charges and building a technology platform that can support distance based road user charges, as no such platform exists in the world. With less resources available to maintain a growing road network, periodic maintenance has been postponed. Consequently, the percentage of the road network that is in a poor to very poor condition has increased to 26% for the paved roads and 46% for the gravel roads. Furthermore, only 11.3% of the wearing course of the gravel road network is left.

The future challenge is to generate funding to return to optimal funding levels, where the road asset value is maintained and eventually improved from the N$101 billion estimate from 2019. This would thus entail an increase in the regravelling programme to N$1.2 billion annually, an increase in the reseal program to N$660 million, and an increase in the rehabilitation program to N$410 million. This would bring the total road maintenance budget to N$2.3 billion merely to maintain the current road standards. However, the current level of maintenance is N$1.2 billion, which is inadequate to preserve the quality and extent of the current road network.

Over the past two years unit costs of road maintenance on the blading (19.2%), regravelling (13.5%) and reseal (120%) programmes have increased well above producer price inflation and is indicative of ineffective cost control measures.

The distribution between routine maintenance, rehabilitation, reseal and regravelling needs to be optimised. Due to increasing funding constraints, the majority of the funding goes towards routine maintenance at the expense of periodic maintenance.

By generating sufficient revenue, managing costs and distributing funds more efficiently, the RFA intends to restore the current road network to an acceptable level over the next 10 years, thereby ensuring that Namibian roads continue to provide competitive advantage to national and regional economies and, as such, contribute to balanced economic growth throughout the country. We remain mindful of the fact that both urban and rural communities depend on a high quality road system to facilitate the movement of people, products and services.

MANAGEMENT AND MAINTENANCE OF URBAN AND SETTLEMENT ROADS

Technical Assistance Programme to Local Authorities and Regional Councils

The RFA continued to fund engineering and administration expertise for the maintenance of urban roads within the respective LAs and RCs. While the level and detail of the assistance differ from one Authority to the next, we have noted an improvement in the planning and prioritising of road maintenance works, the quality of payment certification sent to the RFA, project management, and budget requests. The overall budget execution rate is an indirect measure for the technical assistance programme and, in this regard, 88% of the N$119.4 million budget was utilised. This is a substantial improvement from the 40% budget utilisation when the programme was implemented three years ago.

For illustration, the RFA funded the rehabilitation of the Sam Nujoma Road in Rundu during the review period. The road had completely disintegrated and was barely usable to the road users. RFA funded the rehabilitation from design to construction, through the Rundu Town Council, to improve the road quality congruent with Namibia's superior road infrastructure.

Road before maintenance (Rundu road)

Road maintenance works (Rundu road)

Completed road maintenance (Rundu road)

RATES OF ROAD USER CHARGES

From the financial years 2013/2014 to 2018/2019, the average annual growth of road user charges revenue has been about 5.4% (linear based on 2013/2014). This is attributed mainly to increases in vehicle registrations, traffic volumes and on-road fuel consumption.

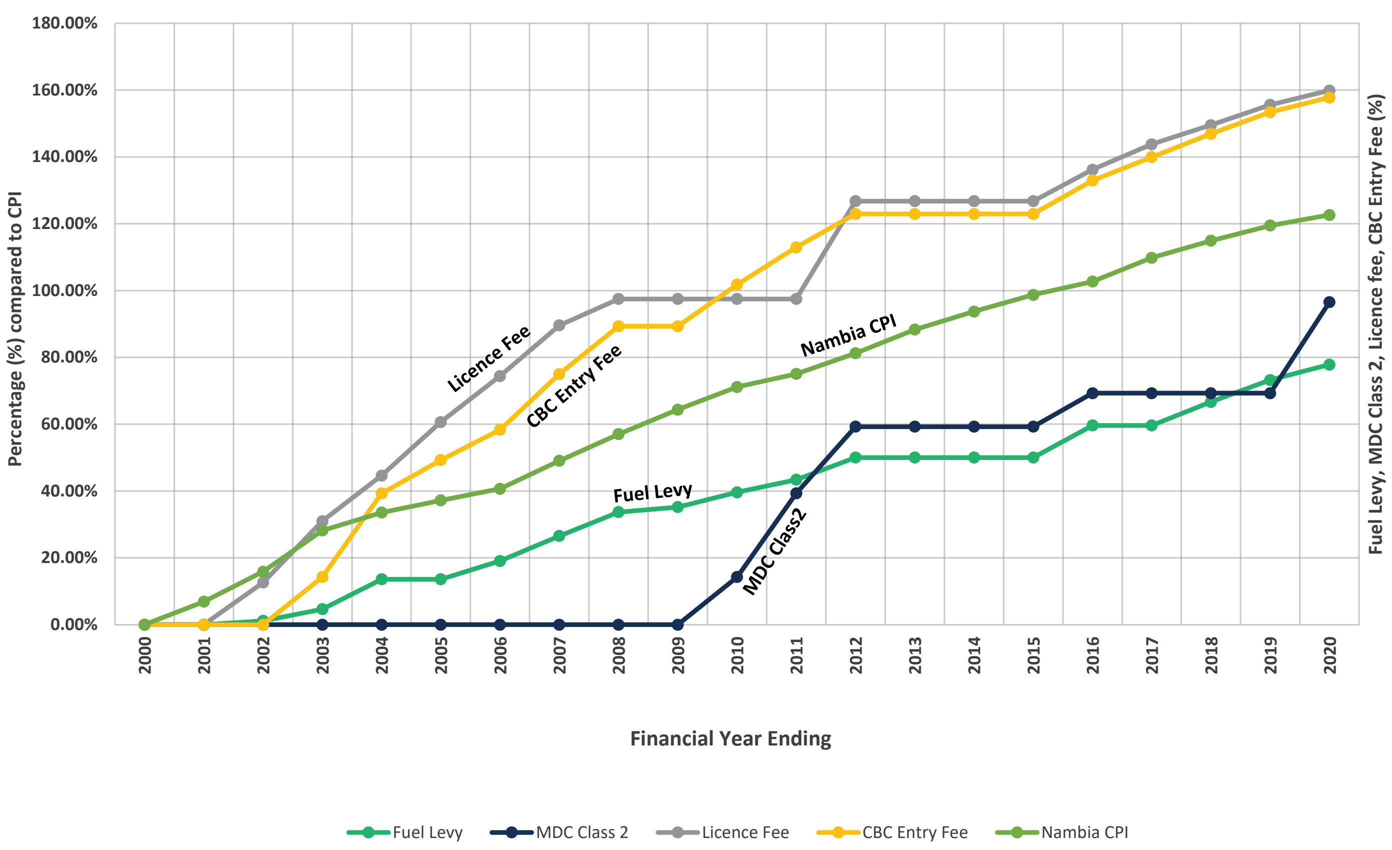
In spite of the current model of user-pay system, which does not provide sufficient resources, Namibia has managed to do well in terms of global ranking as reported. This is an achievement that Namibia and the broader road sector fraternity is proud of and which needs to be maintained.

The rates of road user charges on fuel have fallen seriously behind the CPI growth rate. This is of particular concern, noting that:

- More than 60% of all road user charges revenue is from fuel levies.
- If fuel levies are not increased with inflation, it is impossible to maintain revenue in line with inflation by only increasing the other road user charges.
- Compensating for inflation from FY 2001 to FY 2018, the rate should now be about N$1.79/l (average for both levies, considering their somewhat different base rates and increases), instead of the current rate of N$1.36/l.

The other road user charges have, on average, reasonably kept pace with inflation. The growth of road user charges rates is illustrated below.

ROAD USER CHARGES INCREASE (FY 2000 - 2020)



MAINTAIN PRUDENT FINANCIAL MANAGEMENT

By 2024 the RFA should have achieved revenue growth of 7% year-on-year and maintained a revenue budget variance of 3%, an expenditure budget variance of 2%, a liquidity ratio of 1:1 and an asset-liability ratio of 1:1

OUR STRATEGIC INITIATIVES

Optimise existing business processes to mitigate revenue leakages

Develop and implement Debt Collection strategy

Strengthen budget control and reporting

Manage investment portfolio

Create Reserve Fund

Implement MDC automation

Prudent financial management principles and practices and sound investment strategies remain a core strategic objective of the RFA for 2020 and beyond.

OUR PERFORMANCE FOR 2020

DEVELOP AND IMPLEMENT DEBT COLLECTION STRATEGY

A debt collection strategy was developed during the year under review and approved by the Board for implementation.

CREATE RESERVE FUND

A Reserve Fund was created during the year under review, to ensure that the Fund makes sufficient provisions to repay its loans. In this regard, the Board approved a transfer of N$60 million into the Reserve Fund. This will ensure that the Funds liquidity position is safeguarded and that it is able to meet its loan obligations when they become due.

IMPLEMENT MDC AUTOMATION

The MDC Automation project aims to automate the current logbook system for vehicles in excess of 3,500 kg to cater for the increased road consumption in line with an increase in vehicle mass. The revenue from the logbook system amounted to N$142 million during the period under review, and with 25,000 registered heavy vehicles in Namibia, the RFA expects substantial under-recoveries from the current system. Additionally, the automated system would increase traffic law enforcement, compliance and revenues, whilst ensuring better overload control on our national roads. One stakeholder engagement session was held during the year, involving a multitude of stakeholders ranging from RA to various private business owners.

The Feasibility Study was concluded and showed that the project is feasible and that the RFA could increase MDC collections by N$28 million annually.

Due to the magnitude of the project, the contractor is being procured through the Central Procurement Board of Namibia (CPBN). The RFA continues to engage the CPBN to approve the bid documents, and despite the numerous delays, the bid documents were approved and the bid was advertised in March 2020.

FOCUS AREAS FOR 2021 AND BEYOND

We will, in the coming year and beyond, continue to:

- Investigate new distance-based road user charging systems (DBRUCs) enabled by technological advancements
- Re-engineer existing business processes in our quest to increase operational efficiencies
- Implement the Enterprise Resource Planning (ERP) System solutions to automate internal business processes and drive further operational efficiencies
- Optimise the existing revenue structure to minimise revenue leakages
- Strengthen budget control and reporting processes
- Implement the debt collection strategy
- Invest in the Reserve Fund to protect the liquidity of the Fund and to meet its loan obligations
- Manage the investment portfolios to maximise returns whilst maintaining cash flow.

INCULCATE A HIGH-PERFORMANCE CULTURE

Inculcate a performance management culture with an institutional performance score of 4.0 by 2024

OUR STRATEGIC INITIATIVES

Conduct an Organisational Culture Survey

Implement People Change Management Programme (#SHINE)

Implement Training and Capacity Building Plan

The commitment of our staff to the ideals of this strategic theme is evident and displayed through the sheer hard work and loyalty of the 146 men and woman upholding the RFA Brand by continuously striving towards the pinnacle of excellence in all areas of the business.

OVERALL INSTITUTIONAL PERFORMANCE SCORE FOR 2020

3.8 (OUT OF 5)

TOTAL NUMBER OF STAFF

146

WITH A DIVERSE WORKFORCE OF

60% FEMALE TO 40% MALE

AND AN AVERAGE AGE OF

25 - 42

TOTAL SPEND ON EMPLOYEE SKILLS DEVELOPMENT FOR 2020

N$632,771

(N$594,662 PRIOR YEAR)

LOW EMPLOYEE TURNOVER RATE FOR THE YEAR

2.7% (2.3% PRIOR YEAR)

OUR PERFORMANCE FOR 2020

Inculcating a high-performance culture is synonymous with the sustained culture of excellence we have built over the years and is central to how we encourage and empower our people to achieve their full potential, grow with the organisation, and share the value created through their dedication and hard work.

Responsive human capital policies that provide a conducive, positive and vibrant working environment allow the workforce to maintain optimum performance levels, embrace diversity, attract and retain the best talent, and develop the skills of our staff to their maximum potential.

THE RFA BORDER POST HOUSING PROJECT

The wellbeing of our employees is extremely important to the RFA and extends beyond head office to our staff at the border post offices throughout the country.

Heeding the call for adequate housing at the border post offices, a project involving three phases commenced in the 2014/2015 financial year, with phase 3 successfully completed during the year under review. A total investment in staff housing of N$68.5 million has been made to date, comprising 55 houses accommodating 66 employees.

RFA is represented at the Windhoek head office, two regional offices (Oshakati and Keetmanshoop) and 17 border post offices countrywide, with 78 employees managing the RFA offices at these border posts.

As an employer of choice, we will continue to actively engage our employees and invest in programmes that enhance the wellbeing and security of our employees far into the future.

OUR STAFF COMPLEMENT

We have a diverse workforce, with strong representation by women and youth making up a sizeable portion of the total number of 146 employees.

The table below shows the staff complement per employment category, positions approved, positions filled, and vacancies.

Employment category	Positions approved	Positions filled		Vacancies
		Male	Female	
Chief Executive Officer	1	1	0	0
Executives	6	3	2	1
Management & Professional	19	11	7	1
Skilled / Supervisory	32	11	17	4
Administration	87	24	63	0
General staff	1	0	1	0
TOTAL	146	50	90	6

Ms Patricia Keeja (centre) receiving the Deloitte Best Company to Work for Survey Gold Award on behalf of the RFA in October 2019, from Deloitte's Ms Mignon du Preez and Mr Ramsay Mc Donald.

DELOITTE BEST COMPANY TO WORK FOR SURVEY

For two consecutive years (2018 and 2019) the RFA has been the proud recipient of the Gold Achievers Award in the small/medium-size category of the annual *Deloitte Best Company to Work for Survey*. The survey acknowledges that attraction and engagement are fundamentally linked and are necessary for gaining a complete picture of what attracts and retains an employee, versus how it impacts and affects levels of discretionary effort. This year the survey was conducted under the theme "maximising the power of your people."

The survey conducted in 2019 yielded the following results:

- ✓ 68.2% self-assessment (benchmark - 64.8%) - Employer Attractiveness category
- ✓ 74.3% self-assessment (benchmark of 71.7%) - Employee Engagement category

The Attraction Index measures the overall attraction of employees to the organisation and is an expression of the employees' alignment to the brand and an indicator of retention, while the Engagement Index measures and reflects employees' state of mind relating to behaviours and discretionary effort with their work.

The RFA achieved impressive results on both counts and in 2019 was the only organisation in the small/ medium category to achieve the required scoring threshold.

CREATING A LEARNING AND DEVELOPMENT CULTURE

The RFA encourages a learning and development culture, embracing organisational values, systems and practices that support and encourage both staff members and the organisation as a whole to increase knowledge, competence and performance levels. This promotes and supports the achievement of business needs, strategies, innovation, and the ability to deal with change.

A total investment of N$194,575 was made towards direct funding to employees during the period under review in the form of bursaries, study loans and study leave. Five employees received assistance to pursue formal studies at various institutions of higher learning in the field of Business Administration, Human Resources, and Development Finance.

In addition, an investment of N$438,196 was made towards informal skills development for 48 employees, enabling them to attend a number of conferences, seminars, and on-the-job training interventions.

FOCUS AREAS FOR 2021 AND BEYOND

To inculcate a high-performance culture the RFA will, in the coming year and beyond, commit to the following:

Implement a People Change Management Programme (#SHINE)

Our pursuit for excellence in all spheres of our business will be the driving force of this programme and as an employer of choice we need to ensure that our employees are fully engaged at all times. Our ethics are driven by our values and as ambassadors of the RFA brand we will collectively live out the #SHINE values of service excellence, honour, integrity, innovation and empowerment. These values embrace diversity, equity and life-long learning.

Implement a Training and Capacity Building Plan

Our commitment to inculcate a high-performance culture is evidenced through the concluded institution wide skills audit that determined the skills gaps. The outcomes of the skills audit inform the learning and development plan.

In addition, a retention and succession plan informed by the skills audit will ensure retention of competent staff and institutional succession.

Moreover, in support of our drive towards providing service excellence, an RFA Customer Service Charter was developed and will be implemented through the strategic period. Training programmes aimed at equipping employees with the requisite skills needed to respond to the dynamic needs of our customers will be implemented.

Review the executive management level organisational structure

The executive management level organisational structure will continue to be reviewed to ensure strategic alignment and cohesion.

Performance management

The performance management system implementation will continue to be streamlined with all employees involved in the process. The employees' commitment to attain their targets contributed to the RFA's achievement of a 3,8 corporate score out of a possible 5 during the year under review. The Performance Agreements have been aligned with the new ISBP and the RFA strives to obtain a corporate score of 4 out of a possible 5 for the current ISBP.

RFA remains committed to building a high-performance team culture by developing strategic leadership as well as attracting, developing and retaining the best available talent. We will also ensure that a responsive human resource strategy and culture is well embedded in the organisation.

We acknowledge the fact that our organisational culture can be positively impacted by improved human resource policies and values such as high performance. For this reason, our policies undergo regular review and, where necessary, new policies are drafted. A total of 23 policies were approved by the Board (see page 18), among which included 15 human resource policies.

STRATEGIC THEME 2
STAKEHOLDER SYNERGY

Achieve and sustain a 90% overall stakeholder satisfaction rating by adopting a stakeholder value approach, by placing stakeholders at the heart of everything that we do by 2024.

OUR STRATEGIC INITIATIVES

- Review and implement a coordinated stakeholder engagement strategy
- Conduct an external stakeholder perception survey
- Review and implement new RFA Brand
- Implement Customer Service Charter
- Explore vehicle licensing and registration system

NURTURE STAKEHOLDER RELATIONS

The RFA engages with a multitude of stakeholders in the execution of its mandate and is committed to its strategic objective of bringing about strong stakeholder engagement across all sectors, prioritising stakeholders trust and confidence at every opportunity. For this reason, the process of identifying and fulfilling stakeholders' expectations by creating platforms and means to communicate with them is managed in a structured and methodical manner.

OUR PERFORMANCE FOR 2020

Review and implement a coordinated stakeholder engagement strategy

Continuous focus was placed on building and maintaining strong stakeholder relationships across all sectors. A full account of our stakeholders, their needs and expectations, and objectives of engagement is provided on page 13.

REVIEW AND IMPLEMENT NEW RFA BRAND

With the review and implementation of the new brand the RFA intends to build a strong brand presence, increase visibility, and position the brand strategically in the road sector. Emphasis will be placed on communicating a coherent message of the RFA mandate to the different stakeholders whilst managing the RFA reputation.

The RFA will map the respective stakeholders and craft a stakeholder engagement strategy to effectively communicate with the relevant stakeholders. This is aimed at ensuring that their legal, economic and ethical concerns are considered in the execution of the RFA ISBP.

The RFA commits to regularly communicating compliance requirements to customers and soliciting feedback to enhance the service experience. The ease of transacting through technological platforms shall be a key focus during the strategic period. In addition, the RFA will integrate value added reporting into its annual reports to account for the economic value it delivers to its stakeholders.

CUSTOMER SERVICE SURVEY

The RFA is committed to service excellence and, in July 2018, commissioned a Customer Service Survey to evaluate the RFA Brand equity, customer satisfaction levels, communication, and customer relationships. The outcome paves the way for the development of a Customer Service Charter. (see page 62).

SUMMARY OF THE MAIN CONCERNS EXPRESSED BY OUR CLIENTS

Road infrastructure management and maintenance

It emerged that the management of road infrastructure in Namibia is a risk area for the RFA because national roads and roads in and around towns were not perceived by clients to be maintained to the standard they should be. In general, national roads scored higher in terms of satisfaction, quality, and maintenance. Roads in and around towns were perceived to be of poorer quality.

Road safety

The safety of road users is a pertinent issue in Namibia because, every year, hundreds of lives are lost on roads in motor vehicle accidents. Survey respondents highlighted that poor road conditions, as a result of lack of maintenance and negligent driving, contributed to the lack of road users' safety. In addition, the presence of animals on national roads, specifically roads bordering communal land where fencing is absent, is a significant risk to road users.

Quality of roads

The biggest concern among survey respondents was the quality of roads, specifically the need for the improved rehabilitation of roads, the poor condition of gravel roads and roads being too narrow. Considering the latter, the RFA will strengthen its communication on the RUCS and RUCs in relation to the user-pay principle and how revenue derived is being utilised to the benefit of the economy and all road users.

H.E. Nangolo Mbumba, Vice-President of the Republic of Namibia with RFA exhibition team at the Okakarara Annual Trade Fair in September 2019.

HIGHLIGHTS OF OUR STAKEHOLDER ACTIVITIES AND ENGAGEMENTS DURING THE YEAR

Our continuous engagement with stakeholders further embedded constructive relationships that gave rise to mutually beneficial and cooperative engagements.

Our Annual Business Plan meeting remains the biggest stakeholder engagement platform on our calendar and draws a multitude of stakeholders including the shareholder, funding agencies, AAs and the business sector.

The RFA is enhancing its engagement with stakeholders by expanding its digital presence on social media platforms through the introduction of a WhatsApp and Facebook Page.

The RFA participated in the Ongwediva Annual Trade Fair, Keetmanshoop Agricultural Show, Okakarara Annual Trade Fair, Swakopmund International Trade Expo (SWAITEX) and the Windhoek Industrial and Agricultural Show during the period under review. This provided us with an ideal opportunity to engage our customers and the public. Obtaining an award for the Best Exhibitor at the Okakarara Annual Trade Fair and Best Stand Design at the Swakopmund International Trade Expo (SWAITEX) demonstrates our commitment to service excellence.

Knowledge-sharing with regional stakeholders remained at the forefront. We hosted a 14-member delegation from the Ugandan Road Fund on a two-day study tour and benchmarking exercise on road infrastructure funding. Amongst the visiting delegation were two Ministers and two members of Parliament who paid a courtesy visit to their Namibian counterparts and shared aspirations on road infrastructure funding and development in their country.

Similarly, we hosted an eight-member delegation from the Kenya Road Fund on a four-day study tour and benchmarking exercise on road infrastructure funding. The delegation went on a site visit to the Trans-Kalahari border post to experience the RFA Cross Border Charges operations and paid a visit to the NaTIS and Brakwater Weighbridge operations.

RFA

CUSTOMER SERVICE CHARTER

The Customer Service Charter will address the needs and expectations of our customers and allow the RFA to hold itself accountable to deliver on its Brand promise.

Our service pledge is to give all our customers an effortless and seamless customer experience

If the RFA is to achieve its mission *"To manage Namibia's road user charging system to provide optimum funding for an equitable, safe and economically efficient road sector, for the benefit of road users"*, it will need to collect the levies, fees, and charges in an efficient manner and influence the way the funds are spent on making sure the roads are maintained and value is visible.

OUR CUSTOMER SERVICE CHARTER

We will deliver on customer service excellence and commit to:

- Intentionally getting to know and understand our customers and their expectations
- Building a strong relationship by delivering on our standards and keeping our promises
- Always attend to customers in a courteous and helpful manner (telephonically, email, face-to-face)
- Commit to answering the phone within five rings
- Making sure customers receive the correct information by keeping ourselves informed about the RFA fees and any changes to these. We will communicate all changes in a timeous manner as well as through the most effective medium to all of our customers
- Providing accurate and consistent information
- Make sure that all statements reach customers before the standard set dates
- Acknowledging receipt of complaints and making sure that they are dealt with within 48 hours
- Making sure customers receive feedback wherever necessary or, on request, within 48 hours
- Informing customers on what they need to know, for example:
  - The services offered by the RFA
  - Compliance information (where and how to register, which, where and how documents are to be submitted, completing logbooks, doing a self-assessment)
  - Office hours
- Providing reasons for our decisions
- Providing written feedback on approved or rejected applications and enquiries
- Go the extra mile to provide customer service excellence in Namibia.

FOCUS AREAS FOR 2021 AND BEYOND

We will, in the coming year and beyond:

- Implement and roll out the new brand
- Conduct an external stakeholder perception survey
- Continue to live up to our commitment of providing road users with value-for-money by implementing the Customer Service Charter
- Conclude the bidding process of the new NaTIS facility.

OUR DRIVE TOWARDS GIVING BACK TO SOCIETY

We remain committed to support socio-economic interventions in education, road safety, law enforcement and sports. During the financial year, RFA invested approximately N$7,5 million in Corporate Social Investment (CSI) initiatives.

DROUGHT RELIEF SUPPORT

Following the poor rainfall across Namibia, the President of the Republic of Namibia declared a countrywide drought emergency on 6 May 2019, releasing N$209 million under the National Emergency Disaster Fund and leaving a N$119 million shortfall. Government consequently called upon all Namibians to offer assistance to mitigate the effects of the drought.

The RFA and RA heeded this request by committing N$7 million from the RFA and N$5 million from the RA, respectively, totaling N$12 million. Out of this N$12 million an amount of N$8 million was allocated to the rehabilitation of 41 boreholes, and N$4 million to the provision of canned fish to sustain the livelihoods of the affected communities.

Joint RFA and RA canned fish donation to the Drought Relief Programme, handed over by RFA CEO Mr Ali Ipinge and received by The Rt. Hon. Prime Minister Saara Kuugongelwa-Amadhila.

Solar water pumps were installed at boreholes, providing potable water to the communities well into the future and, in so doing, build climate change resilience in the affected communities. The RFA contracted Namibia Engineering Corporation for the turnkey installation of 41 borehole pumps, with each installation consisting of a Grundfos pump, 2 x 280W solar panels, 2 x 10,000l water tanks, and two independent taps.

In addition, 195,000 cans of fish, weighing 78 tonnes, were procured to help address the critical shortage of proteins in the National Drought Relief hampers, which originally provided 4 cans of fish per family per month.

Installation of 41 solar water pumps at boreholes in ten regions across the country in response to the Drought Relief Programme.

The joint investment made by the RFA and the RA has gone a long way in reducing the impact of the drought on the affected and vulnerable communities by providing much needed sustenance and fulfilling the basic need for potable water for many years to come.

INVESTING IN EDUCATION AND SPORTS

The RFA invested an amount of N$96,000 towards a three-month pilot programme offered by EduSense Namibia in April 2019. The programme aimed to improve the academic performance of grade 9 learners of the Oshapapa Junior Secondary School in the Oshikoto region in the subjects of Mathematics and Physical Science.

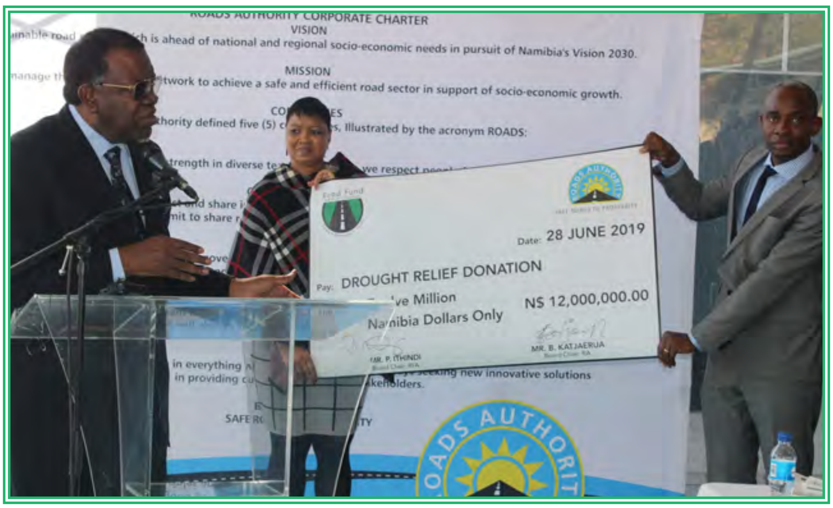
The remedial classes yielded the following improvements:

- **Mathematics Grade 9:**
  Performance improved from 15.28% in 2018 to 80.9% in 2019
  This translates to an improvement of **65.7%**

- **Physical Science Grade 9:**
  Performance boosted from 63.6% in 2018 to 81.5% in 2019
  This translates to an improvement of **17.9%**

RFA displayed its commitment to the development of sports in Namibia by providing an amount of N$30,000 to The Pick 'n Pay Cycle Classic, an annual cycling competition that brings together cycling enthusiasts from all around the country over two days of cycling fun.

A donation of N$50,000 was made towards the purchase of a school bus for the Angra Pequena Senior Secondary School in Lüderitz. Due to a lack of transport the school experienced difficulties in transporting its learners to various destinations to partake in extramural activities - which is now something of the past.



The RFA and RA jointly donated N$12 million towards drought relief efforts. The donation was received by His Excellency, Dr. Hage Geingob, President of the Republic of Namibia, during the inauguration of the RA Head Office.

ROAD SAFETY

As a road-safety partner, the RFA continues to support road safety initiatives, particularly during the Festive Season, a period which has unfortunately become synonymous with road accidents. A sponsorship of N$266,100 was provided in support of the 2019 national festive season road safety campaign in partnership with the National Road Safety Council and the Motor Vehicle Accident Fund, rolled out under the theme: "Do the right thing, avoid drinking, and driving", and focused on three objectives, namely improved law enforcement, improved emergency response times, and increased education and information campaigns. The sponsorship amount was used for the purchase of two fully-equipped sleeper containers to accommodate paramedics at the two temporary festive season Emergency Medical Rescue Service (ERMS) bases along the B1 (Farm Sukses) and B2 (Karibib-Wilhelmstal Farm) highways.

A sponsorship of N$50,000 was also made towards the joint law enforcement operation in conjunction with the Ministry of Works and Transport.

FOCUS AREAS FOR 2021 AND BEYOND

We will, in the coming year and beyond, continue to:

- Capacitate the respective traffic law enforcement agencies with vehicles, equipment and training in order to increase the law enforcement presence on our national roads. Furthermore, we intend to remove the dangers posed by livestock in the road reserve through constructive engagements with NAMPOL and the Ministry of Works and Transport.

- Uplift the lives of the communities in the areas where we operate, such as at the border posts.

ATTRACT AND RETAIN COMPETENT STAFF

OUR STRATEGIC INITIATIVES

Develop and implement attraction and retention strategy aligned to skills audit

Develop and implement a succession planning strategy

OUR PERFORMANCE FOR 2020

RFA strives to be an employer of choice in the market, creating a conducive environment in which employees will deliver outstanding performance and share in the value they create. Appropriate attraction and retention strategies, as well as remuneration and reward policies and practices, play a critical role in attracting, motivating and retaining skilled individuals who deliver high-levels of performance, or who possess rare skills critical to the organisation. Such employees augment RFA's performance-driven culture and drive to achieve business objectives.

The Succession Management Policy and Procedures provide the framework for implementation of succession management in the RFA, which aims to build the required competencies and skills for the current and future needs of the RFA; creates the structure for training and development; encourages and motivates high potential employees to aspire for career and professional advancement; and provides our stakeholders with the comfort and confidence that change would be carefully planned, managed and communicated transparently.

In order to strategically position the RFA as employer of choice and to ensure competitive, total remuneration within the parameters of sustainability and affordability, the RFA considers and monitors national and international remuneration best practices adopted by other public enterprises.

FOCUS AREAS FOR 2021 AND BEYOND

We will, in the coming year and beyond:

- Implement the retention and succession planning strategy to attract and retain the best possible talent. The retention and succession planning strategy is a defined programme which will be systematically used to ensure business continuity for all key positions with specific activities identified that will build employee skills, competencies and talent from within the business.

ENSURE EMPLOYEE WELLNESS

In striving for excellence in all its operations, the RFA recognises the impact that its activities may have on people and the environment and is therefore committed to conducting its business in an ethical manner that strikes an appropriate and well-reasoned balance between economic, social and environmental needs.

OUR STRATEGIC INITIATIVES

Facilitate an employee engagement survey every second year and implement improvements

Develop and implement health and safety programmes (explore ISO standards)

OUR PERFORMANCE FOR 2020

Occupational health, safety and protection of persons and the environment forms an integral part of the planning and decision-making process at the RFA and is guided by our policy objectives to implement health, safety, employee wellness and environmental management activities; inform and appropriately train all employees and contractors on health, safety and environmental matters; respond effectively to health, safety and environmental emergencies involving activities and products; and provide appropriate resources to implement health, safety, employee wellness and environmental awareness activities.

The Employee Wellness Programme at the RFA therefore deals with three strategic dimensions, which are:

Physical Fitness - to encourage employees to participate in physical activities to ensure fitness and healthy lifestyle habits.

Wellness Screening - aimed at combating the negative products of unhealthy lifestyles, including obesity, high cholesterol, hypertension, prostate cancer, diabetes, stress and cardiac diseases, and to detect these well in advance.

Psycho-social Wellbeing - to ensure social and psychological wellbeing of employees.

FACILITATE AN EMPLOYEE ENGAGEMENT SURVEY EVERY SECOND YEAR AND IMPLEMENT IMPROVEMENTS

Inculcating a high-performance culture remains crucial to the continued success of the RFA and strategic positioning to be the preferred employer of choice. Continuous improvement of a conducive working environment is thus essential to attracting and retaining a highly skilled and motivated workforce.

DEVELOP AND IMPLEMENT HEALTH AND SAFETY PROGRAMMES (EXPLORE ISO STANDARDS)

Health and safety programmes were ongoing during the year under review to prevent work related injuries and foster a healthy workforce, thereby promoting a safe and healthy work environment and building a culture of high productivity.

IMPLEMENT AN EMERGENCY RESPONSE PLAN FOR POTENTIAL CROSS-BORDER DISEASES

It is believed that healthy minds make better choices and a healthy lifestyle correlates with increased productivity. The RFA strives to facilitate effective risk reduction in a formal and structured manner and undertakes disaster management interventions periodically. The COVID-19 pandemic has resulted in the RFA having to urgently re-address the current realities, with additional emergency response plans and measures being put in place to protect the wellbeing of our employees, their families, road users and our service providers.

FOCUS AREAS FOR 2021 AND BEYOND

We will, in the coming year and beyond:

- Facilitate an employee engagement survey in the coming year and every two years thereafter and implement the recommended improvements
- The RFA's current policies relating to safety, health and wellness will be reviewed in line with international and national ISO standards, with programmes initiated in support hereof
- Strengthen resources towards emergency response plans designed to proactively respond to the prevailing COVID-19 pandemic.

ENHANCE PROCUREMENT

Procurement is a strategic function that impacts our operations, supply chain, quality and cost, and is conducted in compliance with the Public Procurement Act, 2015 (Act 15 of 2015).
The procurement process at the RFA is transparent and equitable and contributes to the socio-economic development of the country.

OUR STRATEGIC INITIATIVES

Compile and implement an Annual Procurement Plan, train staff on procurement and establish a procurement record-keeping system

OUR PERFORMANCE IN 2020

An Annual Procurement Plan based on the needs identified by the RFA during the budgeting process has been compiled. The Plan is compiled after the annual budgets are approved and uploaded on the RFA website for interested bidders to consider.

FOCUS AREAS FOR 2021 AND BEYOND

We will, in the coming year and beyond:

- Enhance our procurement function by implementing an efficient document resource management system
- Continue to improve compliance to the Procurement Act, (Act 15 of 2015)
- Enhance the capacity of the Procurement Management Unit and improved procurement processes.
- Strengthen engagement with the Central Procurement Board of Namibia to enhance efficiency on procurements above the threshold of the Chief Accounting Officer.
- Identify shortcomings, facilitate staff training on procurement procedures and ensure consistent smooth procurement process.

STRATEGIC THEME 3
INNOVATION

By 2024, the RFA should rank 25th on the Global Competitiveness Index (GCI)

OUR STRATEGIC INITIATIVES

Implement new Enterprise Resource Planning (ERP) System

MDC/CBC integrated into new ERP System, including interface with e-NaTIS and banking platforms

Create relevant digital platforms

IMPLEMENT INTEGRATED ENTERPRISE SYSTEMS

ICT INFRASTRUCTURE

The Information and Communication Technology (ICT) objective is to provide leverage to the organisation through the use of ICT for the attainment of the goals highlighted in the ISBP by providing innovative and automated solutions to the organisation.

OUR PERFORMANCE FOR 2020

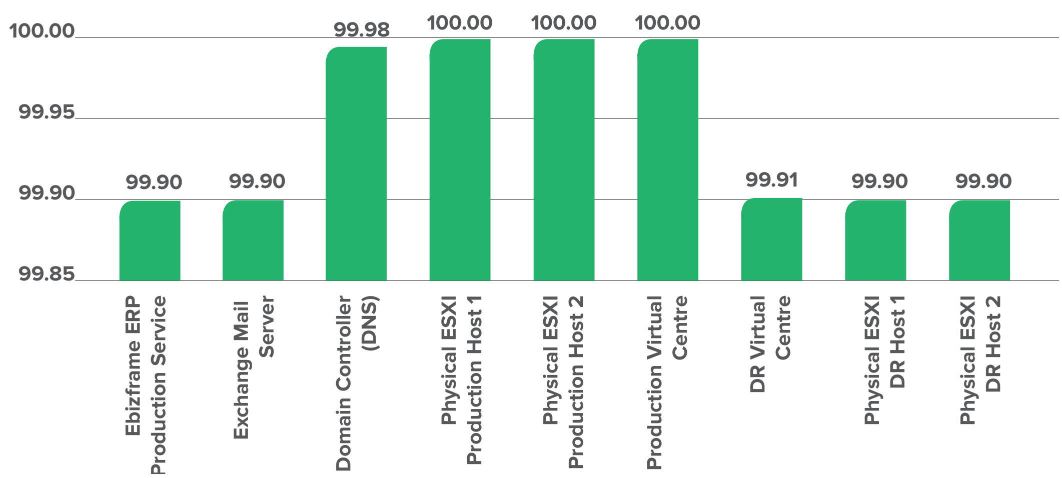
Our strategic approach during the year under review continued to focus on:

- Increasing ICT resources and capabilities for services with higher business specialisation.
- Enrich the ICT Service Catalogue with new innovative and automated services.

We recognise the fact that the successful implementation of the ISBP is increasingly dependent on efficient ICT services.

It is evident from the graph below, that the RFA's network and server infrastructure is stable, with limited downtime. Additionally, the uptime of the infrastructure improved and enables the organisation to leverage on the use of ICT to achieve the goals highlighted in the ISBP.

DATA CENTRE: SERVERS UPTIME IN % P.A.



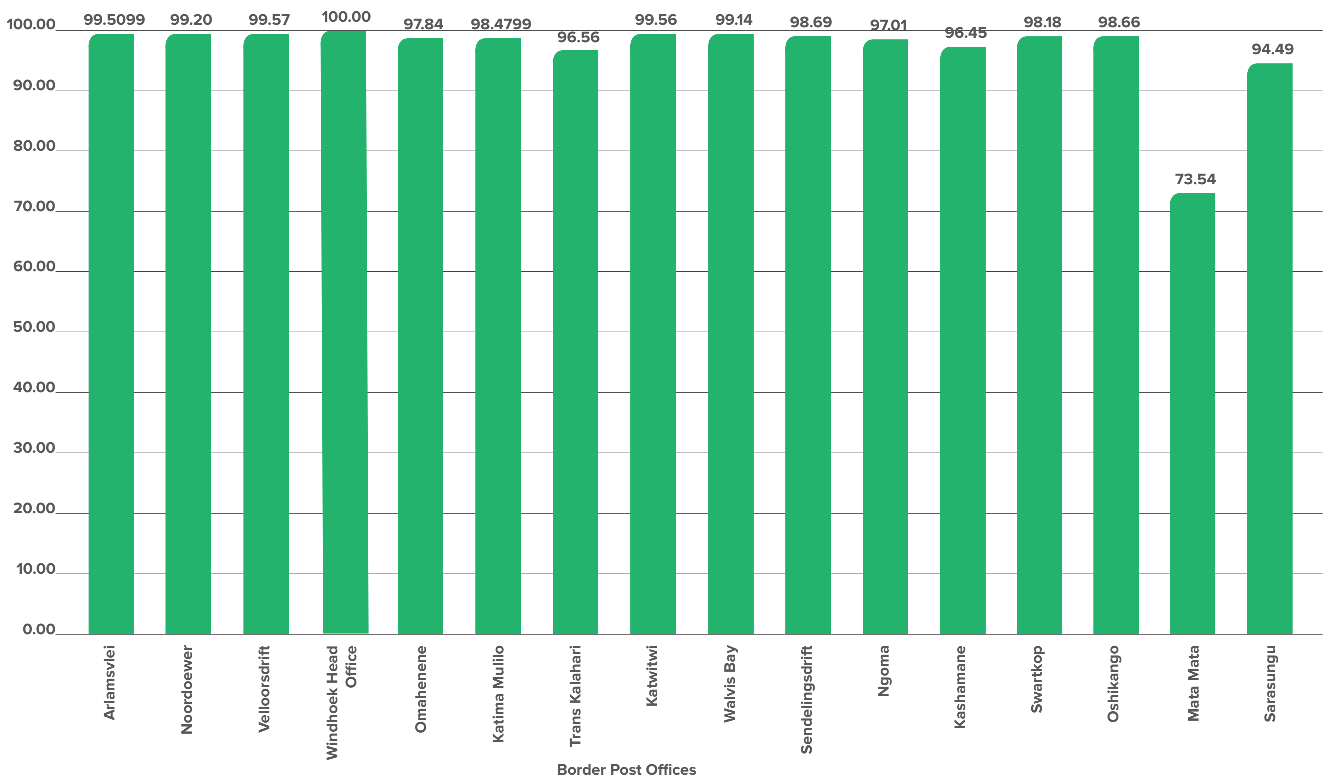
The physical hardware that hosts the virtual environment is in a good condition and monitored daily. This, together with proactive monitoring tools like SolarWinds and regular maintenance on the environment, is key to this achievement.

The same work ethic and approach is applied to the management of the remote offices.

ICT is responsible for the provision of continued and stable access to the Enterprise Resource Planning (ERP) System for 17 border post offices as well as to 38 NaTIS offices of the RA countrywide.

The graph below shows the average up-time in percentages of the Wide Area Network (WAN) to the remote offices.

BORDER POST OFFICES UPTIME IN % P.A.



The implementation of current and ongoing projects continued during the period under review, as well as the deployment of innovative smart technologies to enhance operational efficiency and facilitate service-delivery excellence as part of the five-year ISBP.

An overall network upgrade of the Multi-Protocol Label Switching (MPLS) links to the border posts and the links between RFA head office and the Disaster Recovery (DR) site were upgraded. This improvement reduced replication times between Head Office and the DR site by almost half the time.

CLOSE CIRCUIT TELEVISION (CCTV) SYSTEMS AT REMOTE RFA OFFICES

Implementation of the CCTV systems project was successfully completed in November 2019. The project entailed the installation of CCTV systems at all RFA border post offices in order to enhance the security of staff members and our clients by acting as a crime deterrent and source of evidence should a crime be committed. The CCTV systems have the additional benefit of monitoring entry and exit points at the border posts.

IMPLEMENTATION OF A NEW ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

A solid foundation was laid during the previous strategic plan cycle when a three-year Enterprise Strategic Roadmap (ESR) was embarked upon to fully implement and integrate the new ERP system in order to streamline business processes for enhanced efficiency.

The roadmap included the replacement of the legacy ERP system which has been in place for over ten years. While the current ERP system served its purpose well, it has constraints in terms of meeting the strategic imperatives of the new ISBP, which requires a dynamic and responsive ERP system.

Several business processes were automated during the previous strategic plan cycle, such as the collection of the CBCs, MDCs (foreign), and Fuel Levy Refunds (FLRs). This enabled the RFA to provide efficient and timely services to its clients.

Procurement processes were streamlined as required by the Public Procurement Act, (Act 15 of 2015), and a fully-fledged intranet solution that facilitates collaboration and document management across the organisation was implemented. This will enable the efficient retrieval of clients documents upon enquiry.

Remote border-post offices have reliable and stable network connectivity linking them back to the head office. Real-time connectivity includes the Core Enterprise System, the Internet, and E-mail services.
The new ERP system will provide for scalability, the streamlining and automation of business processes, and meet current and future business needs aligned with the organisation's revenue diversification and automation aspirations.

INTEGRATE MDC/CBC WITH NEW ERP SYSTEM, INCLUDING ENaTIS AND BANKING PLATFORM INTERFACES

All divisions at the RFA will participate in the ERP system implementation project, business process re-engineering, user acceptance testing, and sign-off. This would also sign-off the MDC/CBC modules after user acceptance testing, specifically pertaining to integration, so as to allow data exchange between RFA internal and external systems.

The successful implementation of the project will depend on the MDC/CBC Automation Project's timely implementation, the ability of e-NaTIS to interface with the new ERP system, and the involvement of all stakeholders in providing their input and support.

ADOPTION AND IMPLEMENTATION OF THE COBIT 2019 IT GOVERNANCE FRAMEWORK

The objective of this project is to align the RFA ICT governance standards with the Control Objectives for Information Technology (COBIT 2019) governance framework. The COBIT 2019 framework will assist the RFA meet business challenges in the areas of regulatory compliance, risk management and aligning IT strategy with business objectives.

The project is divided into different phases, the objectives for the 2019/2020 financial year was as follows:

- To complete a gap analysis on the current status of the ICT Governance Framework
- To assess the identified processes
- To provide an implementation roadmap.

The deliverables of the project have been achieved. Moving forward in the new financial year, emphasis will be put on the implementation of the roadmap that was developed.

DEVELOP AND IMPLEMENT AN ELECTRONIC RECORDS AND DOCUMENT MANAGEMENT (EDRM) SYSTEM

The objective of developing and implementing an efficient ERDM system at the RFA is to provide a searchable database for records, making it easier for staff to locate files and documentation needed. The project will also ensure that documents are disposed of in a timely fashion by automatically tracking retention periods and flagging documents for destruction.

The implementation of the project takes a phased approach, as described below:

- The initial phase of the implementation was the creation of the Records Management Policy which has been approved by the Board of directors.
- The second phase, which consisted of the compilation of a File Management Plan and System Requirements for the Electronic Document and Records Management System (EDRMS), was completed during the year under review.
- The third phase will be the implementation of the Electronic Document and Record Management System and other physical paper filing systems.

CREATE RELEVANT DIGITAL PLATFORMS

Innovative solutions aimed at improving the manner in which the RFA does business with clients will be improved in the coming year, among which include improving revenue collection by implementing alternative payment systems.

Additional improvements, especially in the midst of the COVID-19 pandemic, will include implementing work from home platforms to ensure business continuity.

Both initiatives will ensure that the RFA contributes positively towards minimising social gatherings during and after the COVID-19 pandemic and will certainly be beneficial for the organisation and its clients in the long run.

ENSURE BUSINESS CONTINUITY - DISASTER RECOVERY AND BUSINESS CONTINUITY POLICY

The review and update of the Business Continuity and Disaster Recovery Policy will ensure business continuity testing as per the policy and subsequently implement improvements where necessary.

In addition to the RFA's internal controls regarding disaster recovery and business continuity, an initiative to engage the Roads Authority to ensure business continuity between co-dependent systems.

IMPROVE ICT SECURITY

The RFA will improve ICT security by reviewing and updating the Information Security Policy and the implementation of the annual Security Plan. The organisation's security standards will be aligned with the COBIT 2019 framework and growing cyber-security breaches.

FOCUS AREAS FOR 2021 AND BEYOND:

We will, in the coming year and beyond:

- Implement the five-year ICT Strategic plan that will emphasise the importance of ICT to enable the organisation to attain its goals as highlighted in the ISBP
- Continue to upgrade the ICT infrastructure to keep the organisation abreast of technological changes and market demands
- Successfully complete and implement the new ERP project
- Allow for the automation of processes to meet the RFA stakeholders needs
- Align the business processes to world standard governance frameworks and process management such as the COBIT 2019 framework and Information Technology Infrastructure Library (ITIL) for process management
- Implement and adopt an Electronic Document and Records Management System (EDRMS) to meet the corporate information governance requirements as stipulated in the NamCode.

BUILD RESEARCH CAPACITY

OUR STRATEGIC INITIATIVES

Establish and operationalise a Research Function to collaborate with strategic stakeholders to identify, develop and adopt new strategies, techniques and methodologies to unlock value in the road sector

RFA supports research and innovation in road construction, best practice, and usage of environmentally friendly material through the funded institutions. The need for a research function has been identified to unlock value in the road sector by identifying, developing and adopting new strategies, techniques and methodologies. Key research areas will be the developmental trends in smart roads, new maintenance funding models, new construction materials, and cost management approaches. This function will be established and operationalised through internal resources and strategic partnerships with academic institutions, over the duration of the ISBP cycle.

IMPLEMENT ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

The RFA is committed towards creating sustainable value for all its stakeholders by driving innovation that ensures constant organisational renewal and business growth, championed by virtuous leadership that embraces environmentally friendly practices whilst maximising social capital in the execution of the RFA's core mandate.

FOCUS AREAS FOR 2021 AND BEYOND:

We will, in the coming year and beyond focus on:

- Installation of water saving devices
- Installation of energy efficient technologies in RFA building
- Installation of solar panels on RFA funded buildings
- Adoption of hybrid and electric vehicles in RFA and RA fleets
- Rehabilitation of burrow pits to serve as earth dams

- Minimise environmental impact of maintenance works
- Embrace smart road technology
- Embrace safer road technologies

- Explore distance-based road charges
- Climate change
- Resource depletion
- Social growth
  - Preferential SME procurement
  - Labour based works
- Better quality of life

- Reducing RFA carbon footprint
- Promoting recycling, reuse and repurpose of materials
- Harvest water in burrow pits
- Drilling new boreholes for road maintenance projects

- Integrated Financial Reporting
- Wider stakeholder engagements
  - Connectedness
  - Legitimacy
  - Orientation
- RFA strives to remain a responsible corporate citizen

ROAD FUND ADMINISTRATION ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses with a view of achieving a safe and economically efficient road sector.
Directors	P Ithindi S Amunkete Z Stellmacher R Amadhila N Henok
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 10005
Bankers	Standard Bank Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Road Fund Administration Act, (Act 18 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring that the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 77 - 78.

The annual financial statements set out on pages 80 to 119, which have been prepared on the going concern basis, were approved by the board of directors.

Signed on behalf of the Board of Directors By:

Director Director

Windhoek
13 August 2020

INDEPENDENT AUDITOR'S REPORT

To the SHAREHOLDER of ROAD FUND ADMINISTRATION

OPINION

We have audited the annual financial statements of ROAD FUND ADMINISTRATION set out on pages 80 to 117, which comprise the statement of financial position as at 31 March 2020, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of ROAD FUND ADMINISTRATION as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act, (Act 18 of 1999).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "ROAD FUND ADMINISTRATION annual financial statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Road Fund Administration Act, (Act 18 of 1999) and the Detailed Statement of Surplus or Deficit and Other Comprehensive Income, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act, (Act 18 of 1999), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants
Per: RN Beukes - Partner
Windhoek
01 September 2020

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of the ROAD FUND ADMINISTRATION for the year ended 31 March 2020.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Road Fund Administration is a Public Entity, established under the Road Fund Administration Act, (Act 18 of 1999). The Road Fund Administration provides administration framework within which the Road User Charging System is managed as contemplated by the Act.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality
P Ithindi	Chairperson	Non-executive	Namibian
S Amunkete	Director	Non-executive	Namibian
Z Stellmacher	Director	Non-executive	Namibian
R Amadhila	Director	Non-executive	Namibian
N Henok	Director	Non-executive	Namibian

3. EVENTS AFTER THE REPORTING PERIOD

On 23 March 2020 the President of the Republic of Namibia in response to the COVID-19 outbreak in the country declared a lockdown for the Erongo and Khomas regions. Afterwards, on 14 April 2020, the Namibian Government declared a nationwide lockdown from 17 April to 4 May 2020.

The state of emergency and associated lockdown measures to contain the COVID-19 pandemic has had a significant and negative impact on the economy and on RFA operations including, but not limited to slow revenue growth, reduction in funding to approved authorities and in curtailing of some operational and strategic initiatives.

At this point, the directors are not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

4. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The ability of the Fund to continue as a going concern is dependent on a number of factors.

Management is of the view that the Fund will continue operating as a going concern into the foreseeable future due to the following reasons:

- Strategies have been deployed to contain expenditure within the Road User Charges income;
- A Reserve Fund has been set up to protect the liquidity and solvency of the Fund;
- The RFA loan book is managed prudently and the loans are matched to the inflow and outflow of cash; and
- Road User Charges tariff increase of 4% has been granted for the 2020/2021 financial year.

5. SECRETARY

The company secretary is Anna Matebele.

6. AUDITORS

Grand Namibia was appointed as auditors for the RFA for 2019/2020 financial year.

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in Namibia Dollar	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	4	180,154,105	136,077,204
Intangible assets	5	10,390,083	10,091,113
		190,544,188	**146,168,317**
Current Assets			
Trade and other receivables	6	322,420,796	561,668,294
Other financial assets	7	29,683,742	-
Cash and cash equivalents	9	688,654,712	284,102,930
		1,040,759,250	**845,771,224**
Total Assets		**1,231,303,438**	**991,939,541**
Equity and Liabilities			
Equity			
Retained income		48,544,944	(191,395,912)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	10	787,850,329	594,065,748
Retirement benefit obligation	8	-	12,315,291
Provisions	23	11,692,568	5,865,752
		799,542,897	**612,246,791**
Current Liabilities			
Trade and other payables	11	336,123,501	432,929,161
Other financial liabilities	10	47,092,096	47,092,096
Provisions	23	-	4,577,633
Bank overdraft	9	-	86,489,772
		383,215,597	**571,088,662**
Total Liabilities		**1,182,758,494**	**1,183,335,453**
Total Equity and Liabilities		**1,231,303,438**	**991,939,541**

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Note(s)	2020	2019
Revenue	12	2,594,306,027	2,502,351,692
Other income	13	10,734,767	485,104
Impairment loss on trade receivables		(7,570,960)	(4,441,106)
Administrative and operating expenses		(2,356,791,383)	(2,283,086,956)
Operating (deficit) surplus	14	**240,678,451**	**215,308,734**
Investment income	15	62,622,562	35,187,138
Finance costs	16	(63,360,157)	(49,123,143)
Surplus (deficit) for the year and other comprehensive income		**239,940,856**	**201,372,729**
Total comprehensive income for the year		**239,940,856**	**201,372,729**

STATEMENT OF CHANGES IN EQUITY

Figures in Namibia Dollar	Retained income	Total equity
Balance at 1 April 2018	**(392,768,641)**	**(392,768,641)**
Surplus for the year	201,372,729	201,372,729
Total comprehensive income for the year	**201,372,729**	**201,372,729**
Balance at 1 April 2019	**(191,395,912)**	**(191,395,912)**
Surplus for the year	239,940,856	239,940,856
Total comprehensive income for the year	**239,940,856**	**239,940,856**
Balance at 31 March 2020	**48,544,944**	**48,544,944**

STATEMENT OF CASH FLOWS

Figures in Namibia Dollar	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from road users		2,807,594,721	2,688,791,747
Cash paid to suppliers and employees		(2,429,489,053)	(2,577,212,842)
Cash generated from operations	17	378,105,668	111,578,905
Interest income		62,622,562	35,187,138
Finance costs		(63,360,157)	(49,123,143)
Net cash from operating activities		**377,368,073**	**97,642,900**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(49,012,761)	(21,303,503)
Purchase of other intangible assets	5	(1,414,597)	(8,467,309)
(Purchase) /sale of financial assets		(29,683,742)	315,173
Net cash from investing activities		**(80,111,100)**	**(29,455,639)**
Cash flows from financing activities			
Repayment of loans		(47,092,096)	(47,077,184)
Proceeds from loans		240,876,677	196,399,856
Net cash from financing activities		**193,784,581**	**149,322,672**
Total cash movement for the year		**491,041,554**	**217,509,933**
Cash at the beginning of the year		197,613,158	(19,896,775)
Total cash at end of the year	**9**	**688,654,712**	**197,613,158**

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Road Fund Administration Act. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The Chief Executive Officer of the Fund has been identified as the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, heads the steering committee that makes strategic decisions.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty Impairment of financial assets

Trade receivables

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Impairment testing

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

The useful lives of assets are determined based on Fund replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement medical aid obligation
Employees of the Roads Authority are entitled to post-retirement medical aid benefits. The obligation for post-retirement medical aid benefits to employees is actuarially determined in respect of employees. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

The directors resolved to provide for this liability in terms of IAS19 R- "Employee Benefits". The movement in the balance of the provision is included in the income statement in terms of the statutory funding arrangements as set out in the applicable Roads Authority Act, (Act 17 of 1999) and the Road Fund Administration Act, (Act 18 of 1999).

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Fund holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Fund, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Land is not depreciated. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
Land	Straight line	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit

1.4 Property, plant and equipment (continued)

to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer Software	Straight line	3 years

1.6 Financial instruments

Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, with the exception of trade receivables without a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular

1.6 Financial instruments (continued)

way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through surplus or deficit (FVTSD).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- It is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Fund recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date. The Fund measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in surplus or deficit as impairment loss on trade receivables. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term liquid investments with original maturities of less than twelve months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Other financial assets
Other financial assets are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line item. Fair value is determined in the manner described in note 7.

Impairment of financial assets
The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime Expected Credit Loss (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

1.6 Financial instruments (continued)

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Fund considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical

1.6 Financial instruments (continued)

experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy
The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses
The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in surplus or deficit as an Impairment loss on Trade and other receivables.

Derecognition of financial assets
The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

Financial liabilities and equity
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ACCOUNTING POLICIES (CONTINUED)

1.6 Financial instruments (continued)

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Fund's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the Fund's own equity instruments.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities
Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Fund's accounting policy for borrowing costs.

Derecognition of financial liabilities
The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

1.7 Income Taxation

Current tax assets and liabilities
The Road Fund Administration is a Public Entity in terms of the Income Tax Act and is consequently exempt from income taxation. The Fund was deregistered for VAT in April 2006 since it is not deemed to be a VAT vendor in terms of the VAT Act.

1.8 Leases Fund as lessee

The Fund assesses whether a contract is or contains a lease, at inception of the contract. The Fund recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture, equipment and telephones). For these leases, the Fund recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Fund uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

1.8 Leases Fund as lessee (continued)

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Fund did not make any such adjustments during the periods presented.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Fund incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Fund expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Fund applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

1.9 Impairment of assets

The Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

1.9 Impairment of assets (continued)

- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Fund assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.
Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Fund is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

1.10 Employee benefits (continued)

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.11 Provisions and contingencies

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating deficit.

If the Fund has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.12 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Fund will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or deficit already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

1.13 Revenue

Revenue is measured at the fair value of the assets acquired through non-exchangeable transactions at the date of acquisition.

Revenue from road user charges is considered as revenue from non-exchange transactions since the Fund receives funds (value) from entities/individuals without directly giving approximately equal value in exchange.

The Fund recognises revenues from non-exchange transactions road user charges when the event occurs and the resulting asset's recognition criteria are met.

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

(a) It is probable that the future economic benefits associated with the asset will flow to the entity; and

(b) The fair value of the asset can be measured reliably.

1.13 Revenue (continued)

Revenue on Road User Charges are recognised when they become due, i.e. when the road user debtor is identified or when the cash is received. Debtors (MDC-Local) is identified when assessments are performed.

Investment Income
Interest is recognised, in surplus or deficit, using the effective interest rate method.

Road User Charges
Road User Charges (RUCs) revenue of the Fund comprises of RUCs levied in terms of Section 18(1) of the Road Fund Administration Act, (Act 18 of 1999). These Road User Charges comprise mainly of fuel levies, vehicle licence fees, cross border charges, mass distance charges and abnormal load fees.

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the Fund has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the Fund's annual financial statements is described below.

The Fund has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 April 2019.

Leases where Fund is lessee

Leases previously classified as operating leases

The Fund undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Fund's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The Fund applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The Fund applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Fund applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Leases previously classified as finance leases

The Fund did not have any leases previously classified finance leases.

Impact on financial statements

On transition to IFRS 16, the Fund have determined that the additional right-of-use assets amounting to N$ 810,510.00 and lease liabilities amounting to that would have been recognised in the financial statements is immaterial.

When measuring lease liabilities, Fund discounted lease payments using its incremental borrowing rate at 1 April 2019. The rate applied is 10.25% which is equivalent to the prime rate.

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial instruments

Categories of financial assets

	Note(s)	Loans and Receivables	Total	Fair value
2020				
Trade and other receivables	6	321,947,786	321,947,786	321,947,786
Cash and cash equivalents	9	688,654,712	688,654,712	688,654,712
Other financial assets		29,683,742	29,683,742	29,683,742
		1,040,286,240	**1,040,286,240**	**1,040,286,240**
2019				
Trade and other receivables	6	561,544,104	561,544,104	561,544,104
Cash and cash equivalents	9	284,102,930	284,102,930	284,102,930
		845,647,034	**845,647,034**	**845,647,034**

Categories of financial liabilities

	Note(s)	Financial liabilities at amortised cost	Total	Fair value
2020				
Trade and other payables	11	331,967,624	331,967,624	331,967,624
Other financial liabilities	10	834,942,425	834,942,425	834,942,425
		1,166,910,049	**1,166,910,049**	**1,166,910,049**
2019				
Trade and other payables	11	430,939,145	430,939,145	430,939,145
Other financial liabilities	10	641,157,844	641,157,844	641,157,844
Bank overdraft	9	86,489,772	86,489,772	86,489,772
Retirement benefit obligation		12,315,291	12,315,291	12,315,291
		1,170,902,052	**1,170,902,052**	**1,170,902,052**

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

The Fund's capital risk management should be considered together with its mandate as provided for in the Road Fund Administration Act, (Act 18 of 1999).

The objective of the Fund is to manage the RUCS in such a way to secure and allocate sufficient funding for the payment of expenditures with a view to achieve a safe and economically sufficient road sector.

The Fund's objectives when managing the capital are to safeguard its ability to continue as a going concern so that it can continue to meet its financial obligations as and when they fall due without compromising on the execution of its mandate.

Financial risk management

Overview

The Fund’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The fair values of all the Fund's financial assets (cash and cash equivalent, other financial assets, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature.

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of investments, cash deposits, cash equivalents, trade debtors and Government receivables. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. The receivables arising from MDC are managed on the basis of restricting their ability to renew their licences at NaTIS. Receivables from oil companies is managed on a relationship basis. Government receivables are managed on the basis of guarantee.

Financial assets exposed to credit risk at year end were as follows:

	2020			2019		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	329,518,746	(7,570,960)	321,947,786	577,900,360	(16,942,939)	560,957,421
Cash and cash equivalents	688,654,712	-	688,654,712	197,613,158	-	197,613,158

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Fund is exposed to liquidity risk, which is the risk that the Fund will encounter difficulties in meeting its obligations as they become due.

The Fund manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

Liquidity risk refers to the risk that the Fund will encounter difficulty in meeting its obligations associated with the financial liabilities.

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowings are monitored.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

As at 31 March 2020- N$

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade and other payables		331,967,624	-	-	-
Other financial liabilities	10	89,615,705	304,461,812	606,727,806	141,041,802
		421,583,329	**304,461,812**	**606,727,806**	**141,041,802**

As at 31 March 2019 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Current liabilities					
Trade and other payables	11	430,939,145	-	-	-
Financial liabilities at fair value	10	90,147,867	204,144,852	523,763,338	193,334,740
		521,087,012	**204,144,852**	**523,763,338**	**193,334,740**

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk

The Fund is not exposed to any foreign currency risk. The Loan from KfW is denominated in SAR which is equivalent to the NAD.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the Fund is comprised of loans from KfW, which bear interest at fixed interest rates. Interest rates on all borrowings compare favourably with those rates available in the market.

The Fund policy with regards to financial assets, is to invest cash at a fixed rate of interest for a short period of time and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Fund is not exposed to cash flow interest rate risk on its long-term borrowings, because the interest rate is fixed.

The Fund has an investment in the Hangala Prescient Unit Trust amounting to N$ 29,683,742.00 (2019: N$ 0.00). The Fund invests in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on surplus or deficit:				
Cash and cash equivalent	6,886,547	(6,886,547)	2,841,029	(2,841,029)
Other financial assets	296,837	(296,837)	-	-
Other financial liabilities	(8,349,424)	8,349,424	(6,411,578)	6,411,578
	(1,166,040)	**1,166,040**	**(3,570,549)**	**3,570,549**
Impact on equity:				
Cash and cash equivalent	6,886,547	(6,886,547)	2,841,029	(2,841,029)
Other financial assets	296,837	(296,837)	-	-
Other financial liabilities	(8,349,424)	8,349,424	(6,411,578)	6,411,578
	(1,166,040)	**1,166,040**	**(3,570,549)**	**3,570,549**
Total impact on surplus or deficit and equity	**(2,332,080)**	**2,332,080**	**(7,141,098)**	**7,141,098**

Price risk

The Fund is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio.

There is no price risk sensitivity analysis done, as it is considered not to be material.

Figures in Namibia Dollar	2020	2019

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	6,222,487	-	6,222,487	5,314,014	-	5,314,014
Buildings	142,646,715	(10,455,979)	132,190,736	133,750,096	(7,818,415)	125,931,681
Furniture and fixtures	3,168,122	(1,274,847)	1,893,275	3,077,746	(991,072)	2,086,674
Motor vehicles	7,380,641	(3,444,855)	3,935,786	4,552,125	(2,422,795)	2,129,330
Office equipment	1,363,748	(717,437)	646,311	519,379	(396,596)	122,783
Computer software	5,627,868	(4,634,178)	993,690	4,455,280	(3,962,558)	492,722
Capital - Work in progress	34,271,820	-	34,271,820	-	-	-
Total	**200,681,401**	**(20,527,296)**	**180,154,105**	**151,668,640**	**(15,591,436)**	**136,077,204**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Land	5,314,014	908,473	-	6,222,487
Buildings	125,931,681	8,896,619	(2,637,564)	132,190,736
Furniture and fixtures	2,086,674	90,376	(283,775)	1,893,275
Motor vehicles	2,129,330	2,828,516	(1,022,060)	3,935,786
Office equipment	122,783	844,369	(320,841)	646,311
Computer equipment	492,722	1,172,588	(671,620)	993,690
Capital - Work in progress	-	34,271,820	-	34,271,820
	136,077,204	**49,012,761**	**(4,935,860)**	**180,154,105**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Land	5,314,014	-	-	5,314,014
Buildings	107,621,923	20,588,693	(2,278,935)	125,931,681
Furniture and fixtures	1,968,578	397,748	(279,652)	2,086,674
Motor vehicles	3,039,756	-	(910,426)	2,129,330
Office equipment	171,679	52,913	(101,809)	122,783
Computer equipment	886,987	264,149	(658,414)	492,722
	119,002,937	**21,303,503**	**(4,229,236)**	**136,077,204**

Figures in Namibia Dollar	2020	2019

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Pledged as security

There were no assets pledged for security during the year under review (2019; none)

Land and Buildings comprise of the following:

Description	Carrying amount - 2020	Carrying amount - 2019
	N$	N$
Land Erf 5846 & Erf 5845 Feld Street Windhoek	6,222,487	5,314,014
Buildings - RFA Head office	59,065,000	53,207,033
Buildings - Regional CBC Offices	4,638,993	4,538,607
CBC Regional Staff Accommodation	68,486,743	68,186,041
Roads Authority Building (Work in progress)	34,271,820	-
	172,685,043	**131,245,695**

CBC Regional Staff Accommodation consist of the following:		
Ngoma	3,289,089	3,206,541
Ariamsvlei	10,412,674	10,168,098
Klein Manasse	2,587,120	2,640,416
Noordoewer	13,071,787	13,337,629
Trans-Kalahari	6,644,119	6,784,720
Sendelingsdrift	987,652	1,008,591
Oranjemund	261,242	266,759
Oshikango	7,491,228	7,219,737
Kashamane	3,889,223	3,909,953
Katwitwi	3,755,640	3,804,313
Mahenene	4,210,545	4,049,373
Katima Mulilo	8,836,399	8,673,175
Mohembo	648,188	662,593
Mata-Mata	2,401,837	2,454,143
	68,486,743	**68,186,041**

Figures in Namibia Dollar	2020	2019

5. INTANGIBLE ASSETS

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	19,350,057	(8,959,974)	10,390,083	17,935,460	(7,844,347)	10,091,113

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	10,091,113	1,414,597	(1,115,627)	10,390,083

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	3,088,307	8,467,309	(1,464,503)	10,091,113

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

6. TRADE AND OTHER RECEIVABLES

Financial instruments:		
Government accounts receivable	199,074,285	423,493,109
Road User Charges receivable (refer to table below)	7,775,202	24,633,029
Accrued income	-	-
Loss allowance	(7,570,960)	(16,942,939)
Trade receivables at amortised cost	199,278,527	431,183,199
Accrued income - Fund	109,120,514	121,418,380
Sundry debtors	396,860	586,683
MDC receivable provision	8,668,464	8,243,786
KfW and vehicle and driving testing stations	-	112,056
Accrued interest Income	4,880,281	-
Payroll control accounts	76,150	124,190
Total trade and other receivables	**322,420,796**	**561,668,294**

The carrying amount of the trade and other receivables approximates its fair value.

Split between non-current and current portions		
Current assets	322,420,796	561,668,294

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	322,344,646	561,544,104
Non-financial instruments	76,150	124,190
	322,420,796	**561,668,294**

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Fund measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. This lifetime expected credit losses are estimated using a provision matrix, which is presented below.

The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The impact of forward looking information is considered to be immaterial.

	2020	2020	2019	2020
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
30 days: 25.23% (2019: 25.23%)	82,609	(20,842)	8,460,869	(2,134,378)
30-60 days: 29.59% (2019: 29.59%)	(643,022)	(638,156)	2,486,061	(735,726)
60 - 90 days: 35.14% (2019: 35.14%)	(350,481)	-	(198,142)	-
90 - 120 days: 35.97 % (2019: 35.97%)	1,774,133	-	(188,593)	-
120 days: 100% (2019: 100%)	6,911,962	(6,911,962)	14,072,289	(14,072,289)
Total	**7,775,201**	**(7,570,960)**	**24,632,484**	**(16,942,393)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance in accordance with IFRS 9	**(16,942,939)**	**-**
Provision raised on new trade receivables	(7,570,960)	(16,942,393)
Written off in the current year	16,942,939	-
Closing balance	**(7,570,960)**	**(16,942,393)**

Figures in Namibia Dollar	2020	2019

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

Accrued interest income Fund

Included in the Accrued Interest Income Fund is an amount that relates to the interest on the investment in SME Bank. The balance is credit-impaired because 90 days past due and the SME Bank was put on provisional liquidation and the preliminary indicators are only depositors with less than N$25,000 are guaranteed to their full amounts deposited. Management assessment is that the recovery will be close to zero.

Accrued interest income Fund		
Credit impaired		Yes
Average loss rate		100.00 %
Gross carrying amount at default		9,777,530
Loss allowance		(9,777,530)
Net allowance		**-**

The reminder of the Accrued Interest Income Fund relates to interest accrued in respect of investments held at fair value.

Government Account Receivable

The following table provides information about the exposure to credit risk and ECLs for Government receivables as at 31 March 2020.

Government Account Receivable		
Credit impaired	No	No
Averaged loss rate	- %	0.09 %
Gross carrying amount at default	199,074,285	423,879,444
Loss allowance	-	(386,335)
Net Trade receivable balance	**199,074,285**	**423,493,109**

The reminder of the Accrued Interest Income Fund relates to interest accrued in respect of investments held at fair value.

Impairment on Government Accounts Receivable has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. RFA considers that it's Government Accounts Receivable have low credit risk based on the payment history and forward looking information.

Figures in Namibia Dollar	2020	2019

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

Accrued Income - Fund

The following table provides information about the exposure to credit risk and ECLs for accrued income - Fund as at 31 March 2020.

Accrued Income - Fund		
Gross carrying amount at default	109,120,514	121,418,380

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

7. OTHER FINANCIAL ASSETS

At fair value through surplus or deficit - designated		
Hangala Prescient Unit Trust	29,683,742	-
Investments of N$ 29,683,742 (2019:N$0.00) are currently invested in a mixed portfolio.		
Current assets		
Other financial assets	29,683,742	-

Fair value hierarchy of other financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2		
Other Financial assets - Hangala Prescient Unit Trust	29,683,742	-

Figures in Namibia Dollar	2020	2019

7. OTHER FINANCIAL ASSETS (CONTINUED)

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Debt securities at fair value through surplus or deficit

Credit rating		
Hangala Prescient Unit Trust (not rated)	29,683,742	-

The fund itself is not rated but the asset manager applies the S&P ratings methodology to the underlying instruments in the funds and then aggregate to fund level. In addition, the fund has no history of default.

Figures in Namibia Dollar	2020	2019

8. RETIREMENT BENEFITS

Defined benefit plan

The Road Fund Administration has an obligation to continue paying contributions towards the medical costs for Roads Authority's employees when qualifying employees retire, become redundant or disabled. The post-retirement medical aid benefits are for Road Authority's employees and not for Road Fund Administration's employees.

Carying value		
Present value of the defined benefit obligation-wholly unfunded	-	(12,315,291)
The fair value of plan assets includes:		
Movements for the year		
Opening balance	(12,315,291)	(23,325,290)
Benefits paid	12,315,291	11,009,999
	-	**(12,315,291)**
Net expense recognised in profit or loss		
Current service cost	-	-
Key assumptions used		
Assumptions used on last valuation on 31 March 2019.		
Discount rates used	-	8.97 %
Consumer price inflation	-	6.63 %
Medical aid contribution inflation	-	7.63 %
Net effective discount rate	-	1.25 %

Figures in Namibia Dollar	2020	2019

8. RETIREMENT BENEFITS DEFINED BENEFIT PLAN (CONTINUED)

Sensitivity analysis

The valuation above is only an estimate of cost of providing post employment medical aid benefits. The actual cost to the Fund will depend on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have calculated the liabilities using the following assumptions:

-A 1% increase/decrease in the medical aid inflation assumptions; and
-A 20% increase/decrease in the assumed level of morality

2019	-20% Mortality Rate	Valuation assumption	+20% Mortality Rate
Total accrued liability	(13,382,066)	12,315,291	11,464,240
Interest cost	(3,818,000)	3,048,000	2,833,000
Service cost	(876,000)	804,000	746,000
	(18,076,066)	**16,167,291**	**15,043,240**

Medical Aid Inflation

The cost of the subsidy after retirement is dependent on the increase in the contribution to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future years. We tested the effect of 1% p.a. change in medical aid inflation assumption. The effect is as follows:

2019	-1% Medical Aid Inflation	Valuation assumption	+1% Medical Aid Inflation
Total accrued liability	(10,948,799)	12,315,291	13,938,066
Interest cost	(2,701,000)	3,048,000	3,460,000
Service cost	(687,000)	804,000	947,000
	(14,336,799)	**16,167,291**	**18,345,066**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	19,235	19,770
Bank balances	124,496,184	25,796,777
Short-term deposits	688,552,595	382,724,686
Provision for doubtful deposits (SME Bank)	(124,413,302)	(124,438,302)
Bank overdraft	-	(86,489,772)
	688,654,712	**197,613,159**
Current assets	688,654,712	284,102,930
Current liabilities	-	(86,489,772)
	688,654,712	**197,613,158**
Cash and cash equivalents held by the entity that are not available for use by the Fund.	42,117,740	45,959,000

Restricted Cash

Included in the cash and cash equivalent is an amount of N$ 42.1 million (2019: N$ 45.9 million) received from the Government of the Republic of Namibia for specific projects and the funds are held in a designated bank deposit account to be used only for the purpose of the specific development of road projects.

The Fund has received no directive from its shareholder, the Government of the Republic of Namibia in deploying funds to a specific project.

The Fund has a 12 months overdraft facility with Standard Bank of N$ 500 Million. (Interest rate of Prime less 2% compounded monthly).

The carrying amount of cash and cash equivalents approximates its fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

9. CASH AND CASH EQUIVALENTS (continued)

Credit rating		
Bank Windhoek Limited (A1+ Moody's credit rating)	256,717,418	67,564
Standard Bank Namibia Limited (BB+ Fitch credit ratings)	124,496,184	(60,692,995)
First National Bank Namibia Limited (A+ Global credit ratings)	-	258,218,820
Nedbank Limited Namibia (BA1 Moody's credit rating)	307,421,875	-
	688,635,477	**197,593,389**

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, with the exceptions of the investment in SME bank as the bank is not rated and has filed for liquidation.

SME Bank was put on provisional liquidation after year-end and the preliminary indicators are only depositors with less than N$ 25,000 are guaranteed to their full amounts deposited. No additional information is available relating to the liquidity of the bank and hence management judgement on the recovery of the investment is NIL.

10. FINANCIAL LIABILITIES

Held at amortised cost		
KfW Loan	481,753,355	240,876,678
The loan bears a fixed interest of 7.505% per annum and is repayable in 20 bi-annual payments of N$25.3 million starting 15 May 2021. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (Rand is pegged to the Namibia Dollar)		
KfW Loan	353,189,070	400,281,166
The loan bears a fixed interest of 7.81% per annum and is repayable in 20 bi-annual payments of N$23.5 million starting 30 June 2018. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (Rand is pegged to the Namibia Dollar).		
	834,942,425	**641,157,844**

The carrying amount of other financial liabilities approximates its fair value.

Split between non-current and current portions		
Non-current liabilities	787,850,329	594,065,748
Current liabilities	47,092,096	47,092,096
	834,942,425	**641,157,844**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

11. TRADE AND OTHER PAYABLES

Financial instruments:		
Roads Authority project administration and other Fund creditors	191,423,994	269,589,603
Other accruals	8,318,026	8,399,452
Accrual Local Authority and Traffic Law Enforcement	31,811,729	58,397,979
Fuel levy refund	38,022,832	34,148,792
Interest accruals - KfW Loans	20,273,303	14,444,319
Government Road Project	42,117,740	45,959,000
Non-financial instruments:		
Amounts received in advance - CBC/MDC Foreign	4,155,877	1,990,016
	336,123,501	**432,929,161**

Included in the Government Road project is an amount of N$42.1 million (2019: N$45.9 million) relating to government specific projects. These funds are kept in a separate bank account in the name of the Road Fund Administration. These accounts are recorded in the books of the Road Fund Administration with a corresponding liability as disclosed above.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

12. REVENUE

Fuel levies	1,550,906,380	1,500,272,583
Other Road User Charges	1,043,399,647	1,002,079,109
	2,594,306,027	**2,502,351,692**

The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:

Vehicle licence fees	729,492,055	710,195,617
Cross border charges	160,269,891	137,420,557
Mass distance charges-local	107,453,500	100,997,613
Mass distance charges-foreign	35,459,652	41,116,865
Abnormal permit fees	9,397,926	11,018,851
Road carrier permit fees	1,326,623	1,329,606
	1,043,399,647	**1,002,079,109**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

13. OTHER OPERATING INCOME

Financial instruments:

Admin sundry income	10,348,432	485,104
Other recoveries	386,335	-
	10,734,767	**485,104**

14. OPERATING SURPLUS/(DEFICIT)

Operating (deficit) surplus for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration		
Audit fees	2,152,137	1,225,391
Leases		
Operating lease charges		
Premises	220,606	251,672
Depreciation and amortisation		
Depreciation of property, plant and equipment	4,935,860	4,229,236
Amortisation of intangible assets	1,115,627	1,464,501
Total depreciation and amortisation	**6,051,487**	**5,693,737**
Expenses by nature		
The total operating expenses are analysed by nature as follows:		
Employee costs	92,279,376	83,133,601
Operating lease charges	220,606	251,672
Depreciation, amortisation and impairment	6,051,487	5,693,737
Other expenses	76,509,436	76,156,183
Fuel levy refund	302,596,054	291,381,936
Local Authorities	108,368,153	102,603,855
National road network expenditure	1,770,766,271	1,723,865,972
	2,356,791,383	**2,283,086,956**

Stakeholders should take note that when comparing line item amounts in certain expense by nature categories compared with the 2019 Annual Report that some changes can be noted due to amounts having been reclassified for better presentation. However, the total amounts have remained unchanged.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

15. INVESTMENT INCOME

Interest income

Investments in financial assets:		
Bank and other cash	1,719,383	1,669,020
Trade and other receivables	471,974	30,337
Other financial assets	60,431,205	33,487,781
Total interest income	**62,622,562**	**35,187,138**

16. FINANCE COSTS

Non-current borrowings	63,360,157	49,123,143

17. CASH GENERATED FROM OPERATIONS

Interest income

Investments in financial assets:		
Surplus for the year	239,940,856	201,372,729
Adjustments for:		
Depreciation and amortisation	6,051,487	5,693,737
Interest income	(62,622,562)	(35,187,138)
Finance costs	63,360,157	49,123,143
Movements in retirement benefit assets and liabilities	(12,315,291)	(11,009,999)
Movements in provisions	1,249,183	1,305,026
Other non-cash items - IFRS 9 adjustments	-	(84,884,301)
Changes in working capital:		
Trade and other receivables	239,247,498	(85,620,428)
Trade and other payables	(96,805,660)	70,786,136
	378,105,668	**111,578,905**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

18. CONTINGENCIES

In terms of section 17 (1)(i) of the Road Fund Administration Act, (Act 18 of 1999), the Road Fund Administration is obliged to utilise the money available in the Fund, to make payments, as the Minister may determine, in respect of the capital, interest, and incidental cost or charges of any loan obtained by the Government of Namibia, before the commencement of the Act, for any purpose related to the management of the national road network. The Ministry has not yet made a determination in this effect.

The Fund is severally liable for the liabilities of its related party the Road Authority (RA). The RA is profitable and is currently able to meet all of it present obligations. The RA estimated the leave provision for all RA employees at N$ 39.9 million. The Fund's management consider the provision as a contingent liability of the Fund. The liability may occur in the future depending on the outcome of further consultation between RA and RFA.

19. RELATED PARTIES

Relationships	
RFA receives monies from Roads Authority (RA) that is collected for licence and abnormal load fees. RFA then distributes monies collected to RA for road maintenance, administration and systems	Roads Authority Local Authorities
RFA gives monies to the Local Authorities for urban road maintenance in respective Local Authority Councils.	Local Authorities
RFA receives monies from the Ministry for specific road projects.	Ministry of Works and Transport (Unutilised Project Funds)
RFA gives monies to the Traffic Law Enforcement Agencies for law enforcement in their respective jurisdictions.	Traffic Law Enforcement Agencies
RFA received loans from KfW	KfW Loans

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Roads Authority	(162,957,145)	(195,501,996)
Local Authorities	(31,811,729)	(32,998,456)
KfW loan	(834,942,425)	(641,157,844)
Government Road Project	(42,117,740)	(45,959,000)
Related party transactions		
Payments made to related parties		
Roads Authority	1,770,766,271	1,723,865,972
Local Authorities	108,363,153	102,603,855
Traffic Law Enforcement Agencies	13,400,847	26,382,533

Figures in Namibia Dollar	2020	2019

20. GOVERNMENT ROAD PROJECTS

The Fund administers some bank accounts that are used to finance certain projects on behalf of the Government of the Republic of Namibia. The bank accounts are opened and operated by the Road Fund Administration. The Road Fund Administration has recorded those accounts as restricted cash with corresponding amounts included in payables.

The balance at the end of the year is made up as follows:	**2020**	**2019**
Balance at the beginning of the year	45,959,000	14,764,058
Payment during the year	(3,841,260)	31,194,942
	42,117,740	**45,959,000**

The amount is represented by:		
Project accounts included in bank balances	42,117,740	45,959,000

21. NATIONAL ROAD NETWORK EXPENDITURE

The balance at the end of the year is made up as follows:	**Opening balance**	**Closing balance**
Roads Authority - NaTIS	22,412,108	31,331,735
Roads Authority - Construction and Rehabilitation	65,666,181	11,617,552
Roads Authority - Network Planning	22,985,299	13,112,817
Roads Authority - Maintenance	1,124,682,949	1,149,062,550
Roads Authority - Road Management	20,293,906	21,776,889
Roads Authority - Admin	481,348,098	437,008,335
Roads Authority - Road Transport Inspection	9,770,836	8,947,009
Roads Authority - Office Accommodation	1,602,558	33,658,062
Roads Authority - Business Systems	21,107,663	17,351,023
Roads Authority - IT Operations	896,673	-
	1,770,766,271	**1,723,865,972**

Figures in Namibia Dollar	2020	2019

22. COMMITMENTS

The leases are renewable on an annual basis.

23. PROVISIONS

Reconciliation of provisions - 2020

	Opening balance	Utilised during the year	Total
Leave pay provision	4,577,633	(65,170)	4,512,463
Severance pay provision	5,865,752	1,314,353	7,180,105
	10,443,385	**1,249,183**	**11,692,568**

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Leave pay provision	4,492,773	84,860	4,577,633
Severance pay provision	4,645,586	1,220,166	5,865,752
	9,138,359	**1,305,026**	**10,443,385**

Non-current liabilities	11,692,568	5,865,752
Current liabilities	-	4,577,633
	11,692,568	**10,443,385**

Provision for severance pay

In accordance with Section 35(1) of the Namibia Labour Act, 2007, severance benefits are payable when an employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The statutory termination benefits provided are classified as defined benefits and are determined based on one week's salary/wages of each completed year of service.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

24. DIRECTORS' EMOLUMENTS

Directors emoluments of N$885,224 (2019: N$838,988) were paid to the directors for holding a prescribed office during the year.

25. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Management is of the view that the Fund will continue operating as going concern into the foreseeable future due to the following reasons:

- Strategies have been deployed to contain expenditure within the Road User Charges income;
- A Reserve Fund has been set up to protect the liquidity and solvency of the Fund;
- The RFA loan book is managed prudently and the loans are matched to the inflow and outflow of cash; and
- Road User Charges tariff increase of 4% has been granted for the 2020/2021 financial year.

The ability of the Fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the Fund, contain expenditure within road user charges income and secure a yearly increase of the road user charges.

26. NEW STANDARDS AND INTERPRETATIONS

26.1 Standards and interpretations effective and adopted in the current year

The Fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	1 January 2019	The impact of the amendments is not material.

26.2 Standards and interpretations not yet effective

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	Unlikely there will be a material impact

ROAD FUND ADMINISTRATION (CONSOLIDATED)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Notes	2020	2019
Revenue			
Fuel levies		1,550,906,380	1,500,272,583
Other road user charges		1,043,399,647	1,002,079,109
	12	**2,594,306,027**	**2,502,351,692**
Other operating income			
Commissions received		10,348,432	485,104
Other recoveries		386,335	-
	13	**10,734,767**	**485,104**
Other operating gains (losses)			
Impairment loss on trade receivables		(7,570,960)	(4,441,106)
Expenses (Refer to pages 118 and 119)		**(2,356,791,383)**	**(2,283,086,956)**
Operating surplus	14	**240,678,451**	**215,308,734**
Investment income	15	62,622,562	35,187,138
Finance costs	16	(63,360,157)	(49,123,143)
Surplus/deficit for the year		**239,940,856**	**201,372,729**

Other operating expenses			
Advertising		(1,570,437)	(1,806,911)
Amortisation	14	(1,115,627)	(1,464,501)
Auditors remuneration		(2,152,137)	(1,225,391)
Bank charges		(6,887,823)	(6,482,950)
Cleaning		(498,637)	(614,980)
Computer expenses		(1,078,304)	(3,054,786)
Consulting and professional fees		(3,711,345)	(3,324,651)
Consumables		(413,984)	(529,379)
Depreciation		(4,935,860)	(4,229,236)
Development of RUCS		(2,470,723)	(333,119)

The supplementary information presented does not form part of the annual financial statements and is unaudited

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Notes	2020	2019
Other operating expenses (continued)			
Donations		(11,880,606)	(849,962)
Employee costs		(92,279,376)	(83,133,601)
Entertainment		(1,030,240)	(1,117,955)
Equipment hire		-	(3,036)
Fuel levy refund		(302,596,054)	(291,381,936)
Gifts		(187,501)	(66,169)
IT expenses		(4,192,091)	(2,067,163)
Insurance		(348,381)	(328,019)
Lease rentals on operating lease		(220,606)	(251,672)
Legal fees		(1,139,607)	(1,273,007)
Local Authorities		(108,368,153)	(102,603,855)
Minor asset expenses		(297,443)	(97,577)
Motor vehicle expenses		(518,579)	(377,561)
Municipal expenses		(1,102,468)	(1,304,935)
National road safety council		-	(1,186,628)
Postage		(234,493)	(198,696)
Printing and stationery		(1,444,850)	(821,190)
Professional fees		(820,858)	(747,902)
Promotions		(317,044)	(317,350)
Protective clothing		-	(334,473)
Repairs and maintenance		(547,271)	(554,131)
Road Authority - Road maintenance and management		(1,770,766,271)	(1,723,865,972)
Security		(2,772,881)	(2,615,352)
Seminars and conferences		(333,695)	(1,071,058)
Staff wellness		(499,527)	(123,632)
Subscriptions		(694,790)	(745,259)
Subsistence and travelling		(4,140,132)	(4,279,301)
Technical assistance AA		(10,080,292)	(10,007,512)
Telephone and fax		(986,250)	(829,511)
Traffic Law Enforcement agencies		(13,400,847)	(26,382,533)
Training		(756,200)	(1,084,104)
		(2,356,791,383)	**(2,283,086,956)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses with a view of achieving a safe and economically efficient road sector.
Directors	P Ithindi S Amunkete Z Stellmacher R Amadhila N Henok
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 10005
Bankers	Standard Bank Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Road Fund Administration Act, (Act 18 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring that the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 123 to 124.

The annual financial statements set out on pages 126 to 163, which have been prepared on the going concern basis, were approved by the board of directors.

Signed on behalf of the Board of Directors By:

Director

Director

Windhoek
13 August 2020

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT

To the SHAREHOLDER of ROAD FUND ADMINISTRATION - FUND ACCOUNT

OPINION

We have audited the annual financial statements of ROAD FUND ADMINISTRATION - FUND ACCOUNT (the Fund) set out on pages 126 to 161, which comprise the statement of financial position as at 31 March 2020, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of ROAD FUND ADMINISTRATION - FUND ACCOUNT as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act, (Act 18 of 1999).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "ROAD FUND ADMINISTRATION - FUND ACCOUNT annual financial statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Road Fund Administration Act, (Act 18 of 1999) and the Detailed Statement of Surplus or Deficit and other Comprehensive Income, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act, (Act 18 of 1999), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants
Per: RN Beukes - Partner
Windhoek
01 September 2020

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of the ROAD FUND ADMINISTRATION - FUND ACCOUNT for the year ended 31 March 2020.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Road Fund Administration is a Public Entity, established under the Road Fund Administration Act, (Act 18 of 1999). The Road Fund Administration provides administration framework within which the Road User Charging System is managed as contemplated by the Act.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality
P Ithindi	Chairperson	Non-executive	Namibian
S Amunkete	Director	Non-executive	Namibian
Z Stellmacher	Director	Non-executive	Namibian
R Amadhila	Director	Non-executive	Namibian
N Henok	Director	Non-executive	Namibian

3. EVENTS AFTER THE REPORTING PERIOD

On 23 March 2020 the President of the Republic of Namibia in response to the COVID-19 outbreak in the country declared a lockdown for the Erongo and Khomas regions. Afterwards, on 14 April 2020, the Namibian Government declared a nation-wide lockdown from 17 April to 4 May 2020.

The state of emergency and associated lockdown measures to contain the COVID-19 pandemic has had a significant and negative impact on the economy and on RFA operations including but not limited to slow revenue growth, reduction in funding to approved authorities and in curtailing of some operational and strategic initiatives.

At this point, the directors are not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

4. GOING CONCERN

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The ability of the Fund to continue as a going concern is dependent on a number of factors.

Management is of the view that the Fund will continue operating as a going concern into the foreseeable future due to the following reasons:

- Strategies have been deployed to contain expenditure within the Road User Charges income;
- A Reserve Fund has been set up to protect the liquidity and solvency of the Fund;
- The RFA loan book is managed prudently and the loans are matched to the inflow and outflow of cash; and
- Road User Charges tariff increase of 4% has been granted for the 2020/2021 financial year.

5. SECRETARY

The company secretary is Anna Matebele.

6. AUDITORS

Grand Namibia was appointed as auditors for the RFA for 2019/2020 financial year.

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in Namibia Dollar	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	4	176,416,826	131,918,058
Intangible assets	5	9,818,734	8,432,534
		186,235,560	**140,350,592**
Current Assets			
Trade and other receivables	6	321,947,785	560,957,422
Other financial assets	7	29,683,742	-
Cash and cash equivalents	9	687,858,137	258,306,114
		1,039,489,664	**819,263,536**
Total Assets		**1,225,725,224**	**959,614,128**
Equity and Liabilities			
Equity			
Retained income		34,504,547	(204,878,493)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	10	787,850,329	594,065,748
Retirement benefit obligation	8	-	12,315,291
		787,850,329	**606,381,039**
Current Liabilities			
Trade and other payables	11	356,278,252	424,529,714
Other financial liabilities	10	47,092,096	47,092,096
Bank overdraft	9	-	86,489,772
		403,370,348	**558,111,582**
Total Liabilities		**1,191,220,677**	**1,164,492,621**
Total Equity and Liabilities		**1,225,725,224**	**959,614,128**

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Note(s)	2020	2019
Revenue	12	2,594,306,027	2,502,351,692
Other income	13	10,492,476	269,200
Impairment loss on trade receivables		(7,570,960)	(4,441,106)
Administrative and operating expenses		(2,357,053,662)	(2,285,705,477)
Operating (deficit) surplus	14	**240,173,881**	**212,474,309**
Investment income	15	62,569,316	35,186,314
Finance costs	16	(63,360,157)	(49,123,143)
Surplus (deficit) for the year and other comprehensive income		**239,383,040**	**198,537,480**
Total comprehensive income for the year		**239,383,040**	**198,537,480**

STATEMENT OF CHANGES IN EQUITY

Figures in Namibia Dollar	Retained income	Total equity
Balance at 1 April 2018	**(403,415,973)**	**(403,415,973)**
Surplus for the year	198,537,480	198,537,480
Total comprehensive income for the year	**198,537,480**	**198,537,480**
Balance at 1 April 2019	**(204,878,493)**	**(204,878,493)**
Surplus for the year	239,383,040	239,383,040
Total comprehensive income for the year	**239,383,040**	**239,383,040**
Balance at 31 March 2020	**34,504,547**	**34,504,547**

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF CASH FLOWS

Figures in Namibia Dollar	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from road users		2,794,423,283	2,381,065,616
Cash paid to suppliers and employees		(2,392,570,402)	(2,277,764,099)
Cash generated from operations	17	401,852,881	103,301,517
Interest income		62,569,316	35,186,314
Finance costs		(63,360,157)	(49,123,143)
Net cash from operating activities		**401,062,040**	**89,364,688**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(47,734,884)	(20,588,693)
Purchase of other intangible assets	5	(1,386,200)	(8,432,534)
(Purchase) /sale of financial assets		(29,683,742)	315,173
Net cash from investing activities		**(78,804,826)**	**(28,706,054)**
Cash flows from financing activities			
Repayment of loans		(47,092,096)	(47,077,184)
Proceeds from loans		240,876,677	196,399,856
Net cash from financing activities		**193,784,581**	**149,322,672**
Total cash movement for the year		**516,041,795**	**209,981,306**
Cash at the beginning of the year		171,816,342	(38,164,964)
Total cash at end of the year	**9**	**687,858,137**	**171,816,342**

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Road Fund Administration Act. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The Chief Executive Officer of the Fund has been identified as the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, heads the steering committee that makes strategic decisions.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty Impairment of financial assets

Trade receivables
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation
The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Impairment testing
The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Useful lives of property, plant and equipment
Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

The useful lives of assets are determined based on Fund replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

Provisions
Provisions are inherently based on assumptions and estimates using the best information available.

ACCOUNTING POLICIES (CONTINUED)

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement medical aid obligation
Employees of the Roads Authority are entitled to post-retirement medical aid benefits. The obligation for post-retirement medical aid benefits to employees is actuarially determined in respect of employees. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

The directors resolved to provide for this liability in terms of IAS19 R- "Employee Benefits". The movement in the balance of the provision is included in the income statement in terms of the statutory funding arrangements as set out in the applicable Roads Authority Act, (Act 17 of 1999) and the Road Fund Administration Act, (Act 18 of 1999).

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Fund holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Fund, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably. Day-to-day servicing costs are included in surplus or deficit in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or is derecognised.

Land is not depreciated. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
Land	Straight line	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

ACCOUNTING POLICIES (CONTINUED)

1.4 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

Initial recognition and measurement
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, with the exception of trade receivables without a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through surplus or deficit (FVTSD).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Fund recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date. The Fund measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in surplus or deficit as impairment loss on trade receivables. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

ACCOUNTING POLICIES (CONTINUED)

1.5 Intangible assets (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term liquid investments with original maturities of less than twelve months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Other financial assets
Other financial assets are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line item. Fair value is determined in the manner described in note 7.

Impairment of financial assets
The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime Expected Credit Loss (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

ACCOUNTING POLICIES (CONTINUED)

1.5 Intangible assets (continued)

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Fund considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and

ACCOUNTING POLICIES (CONTINUED)

1.5 Intangible assets (continued)

other receivables, through use of a loss allowance account. The impairment loss is included in surplus or deficit as an Impairment loss on Trade and other receivables.

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and Continued to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund Continued to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Fund's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the Fund's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings are recognised over the term of the borrowings in accordance with the Fund's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

1.6 Income Taxation

Initial recognition and measurement

The Road Fund Administration is a Public Entity in terms of the Income Tax Act and is consequently exempt from income taxation. The Fund was deregistered for VAT in April 2006 since it is not deemed to be a VAT vendor in terms of the VAT Act.

ACCOUNTING POLICIES (CONTINUED)

1.7 Leases

Fund as lessee

The Fund assesses whether a contract is or contains a lease, at inception of the contract. The Fund recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture, equipment and telephones). For these leases, the Fund recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Fund uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Fund remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Fund did not make any such adjustments during the periods presented.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Fund incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Fund expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

ACCOUNTING POLICIES (CONTINUED)

1.7 Leases (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Fund applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

1.8 Impairment of assets

The Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Fund assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined benefit plans
For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.
Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

ACCOUNTING POLICIES (CONTINUED)

1.9 Employee benefits (continued)

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Fund is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating deficit.

If the Fund has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Fund will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or deficit already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit,

ACCOUNTING POLICIES (CONTINUED)

1.11 Government grants (continued)

or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

1.12 Revenue

Road User Charges (RUCs) revenue of the Fund comprises of RUCs levied in terms of Section 18(1) of the Road Fund Administration Act, (Act 18 of 1999). These Road User Charges comprise mainly of fuel levies, vehicle licence and registration fees, cross border charges, mass distance charges and abnormal load fees.

Revenue is measured at the fair value of the assets acquired through non-exchangeable transactions at the date of acquisition.

Revenue from road user charges is considered as revenue from non-exchange transactions since the Fund receives funds (value) from entities/individuals without directly giving approximately equal value in exchange.

The Fund recognises revenues from non-exchange transactions road user charges when the event occurs and the resulting asset's recognition criteria are met.

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

(a) It is probable that the future economic benefits associated with the asset will flow to the entity; and

(b) The fair value of the asset can be measured reliably.

Revenue on Road User Charges are recognised when they become due, i.e. when the road user debtor is identified or when the cash is received. Debtors (MDC-Local) is identified when assessments are performed.

Investment Income
Interest is recognised, in surplus or deficit, using the effective interest rate method.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the Fund has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of- use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the Fund's annual financial statements is described below.

The Fund has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 April 2019.

Leases where Fund is lessee

Leases previously classified as operating leases
The Fund undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Fund's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The Fund did not apply IAS 36 to consider if these right-of-use assets are impaired, but rather applied the practical expedient of IFRS 16 par C10(b). In accordance with this practical expedient, the carrying amounts were adjusted with the amount of any onerous provision which existed immediately prior to the date of initial application.

The Fund applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Fund applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Leases previously classified as finance leases
The Fund did not have any leases previously classified finance leases.

Impact on financial statements
On transition to IFRS 16 the effect on the Fund is immaterial.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial instruments

Categories of financial assets

	Note(s)	Loans and Receivables	Total	Fair value
2020				
Trade and other receivables	6	321,947,785	321,947,785	321,947,785
Cash and cash equivalents	9	687,858,137	687,858,137	687,858,137
		1,009,805,922	**1,009,805,922**	**1,009,805,922**
2019				
Trade and other receivables	6	560,957,422	560,957,422	560,957,422
Cash and cash equivalents	9	258,306,114	258,306,114	258,306,114
		819,263,536	**819,263,536**	**819,263,536**

Categories of financial liabilities

	Note(s)	Financial liabilities at amortised cost	Total	Fair value
2020				
Trade and other payables	11	352,122,375	352,122,375	352,122,375
Other financial liabilities	10	834,942,425	834,942,425	834,942,425
		1,187,064,800	**1,187,064,800**	**1,187,064,800**
2019				
Trade and other payables	11	422,539,696	422,539,696	422,539,696
Other financial liabilities	10	641,157,844	641,157,844	641,157,844
Retirement benefit obligation	8	12,315,291	12,315,291	12,315,291
		1,076,012,831	**1,076,012,831**	**1,076,012,831**

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

The Fund's capital risk management should be considered together with its mandate as provided for in the Road Fund Administration Act, (Act 18 of 1999).

The objective of the Fund is to manage the RUCS in such a way to secure and allocate sufficient funding for the payment of expenditures with a view to achieve a safe and economically sufficient road sector.

The Fund's objectives when managing the capital are to safeguard its ability to continue as a going concern so that it can continue to meet its financial obligations as and when they fall due without compromising on the execution of its mandate.

Financial risk management

Overview

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The fair values of all the Fund's financial assets (cash and cash equivalent, other financial assets, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature.

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of investments, cash deposits, cash equivalents, trade debtors and Government receivables. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. The receivables arising from MDC are managed on the basis of restricting their ability to renew their licences at NaTIS. Receivables from oil companies is managed on a relationship basis. Government receivables are managed on the basis of guarantee.

Financial assets exposed to credit risk at year end were as follows:

	2020			2019		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	329,518,745	(7,570,960)	321,947,785	577,899,815	(16,942,393)	560,957,422
Cash and cash equivalents	687,858,137	-	687,858,137	171,816,342	-	171,816,342

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Fund is exposed to liquidity risk, which is the risk that the Fund will encounter difficulties in meeting its obligations as they become due.

The Fund manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

Liquidity risk refers to the risk that the Fund will encounter difficulty in meeting its obligations associated with the financial liabilities.

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowings are monitored.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

As at 31 March 2020- N$

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade and other payables	11	352,122,375	-	-	-
Other financial liabilities	10	89,615,705	304,461,812	606,727,806	141,041,802
		441,738,080	**304,461,812**	**606,727,806**	**141,041,802**

As at 31 March 2019 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Current liabilities					
Trade and other payables	11	422,539,698	-	-	-
Financial liabilities at fair value	10	90,147,867	204,144,852	523,763,338	193,334,740
		512,687,565	**204,144,852**	**523,763,338**	**193,334,740**

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk

The Fund is not exposed to any foreign currency risk. The Loan from KfW is denominated in SAR which is equivalent to the NAD.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the Fund is comprised of loans from KfW, which bear interest at fixed interest rates. Interest rates on all borrowings compare favourably with those rates available in the market.

The Fund policy with regards to financial assets, is to invest cash at a fixed rate of interest for a short period of time and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Fund is not exposed to cash flow interest rate risk on its long-term borrowings, because the interest rate is fixed.

The Fund has an investment in the Hangala Prescient Unit Trust amounting to N$ 29,683,742 (2019: N$0.00). The Fund invests in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on surplus or deficit:				
Cash and cash equivalent	6,878,581	(6,878,581)	2,583,061	(2,583,061)
Other financial assets	296,837	(296,837)	-	-
Other financial liabilities	(8,349,424)	8,349,424	(6,411,567)	6,411,567
	(1,174,006)	**1,174,006**	**(3,828,506)**	**3,828,506**
Impact on equity:				
Cash and cash equivalent	6,878,581	(6,878,581)	2,583,061	(2,583,061)
Other financial assets	296,837	(296,837)	-	-
Other financial liabilities	(8,349,424)	8,349,424	(6,411,567)	6,411,567
	(1,174,006)	**1,174,006**	**(3,828,506)**	**3,828,506**
Total impact on surplus or deficit and equity	**(2,348,012)**	**2,348,012**	**(7,657,012)**	**7,657,012**

Price risk

The Fund is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio.

There is no price risk sensitivity analysis done, as it is considered not to be material.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	6,222,487	-	6,222,487	5,314,014	-	5,314,014
Buildings	142,646,715	(10,455,979)	132,190,736	133,750,096	(7,818,415)	125,931,681
Motor vehicles	3,789,036	(664,930)	3,124,106	960,520	(288,157)	672,363
Office equipment	829,456	(221,779)	607,677	-	-	-
Capital - Work in progress	34,271,820	-	34,271,820	-	-	-
Total	**187,759,514**	**(11,342,688)**	**176,416,826**	**140,024,630**	**(8,106,572)**	**131,918,058**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Land	5,314,014	908,473	-	6,222,487
Buildings	125,931,681	8,896,619	(2,637,564)	132,190,736
Motor vehicles	672,363	2,828,516	(376,773)	3,124,106
Office equipment	-	829,456	(221,779)	607,677
Capital - Work in progress	-	34,271,820	-	34,271,820
	131,918,058	**47,734,884**	**(3,236,116)**	**176,416,826**

Reconciliation of property, plant and equipment - 2019

Land	5,314,014	-	-	5,314,014
Buildings	107,621,923	20,588,693	(2,278,935)	125,931,681
Motor vehicles	864,468	-	(192,105)	672,363
	113,800,405	**20,588,693**	**(2,471,040)**	**131,918,058**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Pledged as security

There were no assets pledged for security during the year under review (2019; none) Land and Buildings comprise of the following:

Description	Carrying amount - 2020	Carrying amount - 2019
	N$	N$
Land Erf 5846 &Erf 5845 Feld Street Windhoek	6,222,487	5,314,014
Buildings - RFA Head office	59,065,000	53,207,033
Buildings - Regional CBC Offices	4,638,993	4,538,607
CBC Regional Staff Accommodation	68,486,743	68,186,041
Roads Authority Building (Work in progress)	34,271,820	-
	172,685,043	**131,245,695**

CBC Regional Staff Accommodation consist of the following:		
Ngoma	3,289,089	3,206,541
Ariamsvlei	10,412,674	10,168,098
Klein Manasse	2,587,120	2,640,416
Noordoewer	13,071,787	13,337,629
Trans-Kalahari	6,644,119	6,784,720
Sendelingsdrift	987,652	1,008,591
Oranjemund	261,242	266,759
Oshikango	7,491,228	7,219,737
Kashamane	3,889,223	3,909,953
Katwitwi	3,755,640	3,804,313
Mahenene	4,210,545	4,049,373
Katima Mulilo	8,836,399	8,673,175
Mohembo	648,188	662,593
Mata-Mata	2,401,837	2,454,143
	68,486,743	**68,186,041**

Figures in Namibia Dollar	2020	2019

5. INTANGIBLE ASSETS

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	9,818,734	-	9,818,734	8,432,534	-	8,432,534

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Total
Computer software (Work in progress)	8,432,534	1,386,200	9,818,734

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Total
Computer software (Work in progress)	-	8,432,534	8,432,534

Financial instruments:	2020	2019

6. TRADE AND OTHER RECEIVABLES

Financial instruments:		
Government accounts receivable	199,074,285	423,493,109
Road User Charges receivable (Refer to table below)	7,775,202	24,632,484
Loss allowance	(7,570,960)	(16,942,393)
Trade receivables at amortised cost	199,278,527	431,183,200
Accrued Income-Fund	109,120,514	121,418,380
MDC receivable provision	8,668,464	8,243,786
KfW and vehicle and driving testing stations	-	112,056
Accrued interest income fund	4,880,280	-
Total trade and other receivables	**321,947,785**	**560,957,422**

The carrying amount of the trade and other receivables approximates its fair value.

Split between non-current and current portions		
Current assets	321,947,785	560,957,422

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	321,947,785	560,957,422

Exposure to credit risk

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Fund measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. This lifetime expected credit losses are estimated using a provision matrix, which is presented below.

The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the prior financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The impact of forward looking information is considered to be immaterial.

Figures in Namibia Dollar	2020	2019

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2020		2019	
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
30 days: 25.23% (2019: 25.23%)	82,609	(20,842)	8,460,869	(2,134,378)
30-60 days: 29.59% (2019: 29.59%)	(643,022)	-	2,486,061	(735,726)
60 - 90 days: 35.14% (2019: 35.14%)	(350,481)	-	(198,142)	-
90 - 120 days: 35.97 % (2019: 35.97%)	1,774,133	(638,156)	(188,593)	-
120 days: 100% (2019: 100%)	6,911,962	(6,911,962)	14,072,289	(14,072,289)
Total	**7,775,201**	**(7,570,960)**	**24,632,484**	**(16,942,393)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance in accordance with IFRS 9	**(16,942,393)**	**-**
Provision raised on new trade receivables	(7,570,960)	(16,942,393)
Written off in the current year	16,942,393	-
Closing balance	**(7,570,960)**	**(16,942,393)**

Accrued interest income Fund

Included in the Accrued Interest Income Fund is an amount that relates to the interest on the investment in SME Bank. The balance is credit-impaired because 90 days past due and the SME Bank was put on provisional liquidation and the preliminary indicators are only depositors with less than N$25,000 are guaranteed to their full amounts deposited. Management assessment is that the recovery will be close to zero.

Accrued interest income Fund	
Credit impaired	Yes
Average loss rate	100 %
Gross carrying amount at default	9,777,530
Loss allowance	(9,777,530)
Net allowance	**-**

The reminder of the Accrued Interest Income Fund relates to interest accrued in respect of investments held at fair value.

Figures in Namibia Dollar	2020	2019

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

GOVERNMENT ACCOUNT RECEIVABLE

The following table provides information about the exposure to credit risk and ECLs for Government receivables as at 31 March 2020.:

Government Account Receivable		
Credit impaired	No	No
Averaged loss rate	- %	0.09 %
Gross carrying amount at default	199,074,285	423,879,444
Loss allowance	-	(386,335)
Net Trade receivable balance	**199,074,285**	**423,493,109**

Impairment on Government Accounts Receivable has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. RFA considers that it's Government Accounts Receivable have low credit risk based on the payment history and forward looking information.

ACCRUED INCOME - FUND

The following table provides information about the exposure to credit risk and ECLs for accrued income - Fund as at 31 March 2020.

Accrued Income - Fund		
Gross carrying amount at default	109,120,514	121,418,380

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

Figures in Namibia Dollar	2020	2019

7. OTHER FINANCIAL ASSETS

At fair value through surplus or deficit - designated		
Hangala Prescient Unit Trust	29,683,742	-
Investments of N$ 29,683,742 portfolio. (2019:N$0.00) are currently invested in a mixed		
Current assets		
Other financial assets	29,683,742	-

Fair value hierarchy of other financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2		
Class 1	29,683,742	-

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Debt securities at fair value through surplus or deficit

Credit rating		
Hangala Prescient Unit Trust (not rated)	29,683,742	-

The fund itself is not rated but the asset manager applies the S&P ratings methodology to the underlying instruments in the funds and then aggregate to fund level. In addition, the fund has no history of default.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

8. RETIREMENT BENEFITS

Defined benefit plan

The Road Fund Administration has an obligation to continue paying contributions towards the medical costs for Roads Authority's employees when qualifying employees retire, become redundant or disabled. The post-retirement medical aid benefits are for Road Authority's employees and not for Road Fund Administration's employees.

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	-	(12,315,291)-
Movements for the year		
Opening balance	(12,315,291)	(23,325,290)
Benefits paid	12,315,291	-
Net expense recognised in surplus or deficit	-	11,009,999
	-	**(12,315,291)**
Net expense recognised in surplus or deficit		
Current service cost	-	11,009,999
Key assumptions used		
Assumptions used on last valuation on 31 March 2019.		
Discount rates used	-	8.97 %
Consumer price inflation	-	6.63 %
Medical aid contribution inflation	-	7.63 %
Net effective discount rate	-	1.25 %

SENSITIVITY ANALYSIS

The valuation above is only an estimate of cost of providing post employment medical aid benefits. The actual cost to the Fund will depend on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have calculated the liabilities using the following assumptions:

- A 1% increase/decrease in the medical aid inflation assumptions; and
- A 20% increase/decrease in the assumed level of morality

Figures in Namibia Dollar	2020	2019

8. RETIREMENT BENEFITS (CONTINUED)

2019	-20% Mortality Rate	Valuation assumption	+20% Mortality Rate
Total accrued liability	(13,382,066)	12,315,291	11,464,240
Interest cost	(3,318,000)	3,048,000	2,833,000
Service cost	(876,000)	804,000	746,000
	(17,576,066)	**16,167,291**	**15,043,240**

Medical Aid Inflation

The cost of the subsidy after retirement is dependent on the increase in the contribution to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future years.

We tested the effect of 1% p.a. change in medical aid inflation assumption. The effect is as follows:

2019	-1% Medical Aid Inflation	Valuation assumption	+1% Medical Aid Inflation
Total accrued liability	(10,489,799)	12,315,291	13,938,066
Interest cost	(2,701,000)	3,048,000	3,460,000
Service cost	(687,000)	804,000	947,000
	(13,877,799)	**16,167,291**	**18,345,066**

9. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and cash equivalents consist of:		
Cash on hand	16,678	19,730
Bank balances	123,702,166	-
Short-term deposits	688,552,595	382,724,686
Provision for doubtful deposits	(124,413,302)	(124,438,302)
Bank overdraft	-	(86,489,772)
	687,858,137	**171,816,342**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019
9. CASH AND CASH EQUIVALENTS (CONTINUED)		
Current assets	687,858,137	258,306,114
Current liabilities	-	(86,489,772)
	687,858,137	**171,816,342**
Cash and cash equivalents held by the entity that are not available for use by the Fund	**42,117,740**	**45,959,000**

Restricted Cash

Included in the cash and cash equivalent is an amount of N$42.1 million (2019: N$45.9 million) received from the Government of the Republic of Namibia for specific projects and the funds are held in a designated bank deposit account to be used only for the purpose of the specific development of road projects.

The Fund has received no directive from its shareholder, the Government of the Republic of Namibia in deploying funds to a specific project.

The Fund has an 12 months overdraft facility with Standard Bank of N$ 500 Million.(Interest rate of Prime less 2% compounded monthly).

The carrying amount of cash and cash equivalents approximates its fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2020	2019
Credit rating		
Bank Windhoek Limited (A1+ Moody's credit rating)	256,717,418	67,564
Standard Bank Namibia Limited (BB+ Fitch credit rating)	123,702,166	(86,489,772)
First National Bank Namibia Limited (A+ Global credit rating)	-	258,218,820
Nedbank Limited Namibia (BA1 Moody's credit rating)	307,421,875	-
	687,841,459	**171,796,612**

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, with the exceptions of the investment in SME bank as the bank is not rated and has filed for liquidation.

SME Bank was put on provisional liquidation after year-end and the preliminary indicators are only depositors with less than N$ 25,000 are guaranteed to their full amounts deposited. No additional information is available relating to the liquidity of the bank and hence management judgement on the recovery of the investment is NIL.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

10. OTHER FINANCIAL LIABILITIES

Held at amortised cost		
KfW Loan	481,753,355	240,876,678
The loan bears a fixed interest of 7.505% per annum and is repayable in 20 bi-annual payments of N$25.3 million starting 15 May 2021. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (Rand is pegged to the Namibia Dollar).		
KfW Loan	353,189,070	400,281,166
The loan bears a fixed interest of 7.81% per annum and is repayable in 20 bi-annual payments of N$23.5 million starting 30 June 2018. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (Rand is pegged to the Namibia Dollar).		
	834,942,425	**641,157,844**

The carrying amount of other financial liabilities approximates its fair value.

Split between non-current and current portions		
Non-current liabilities	787,850,329	594,065,748
Current liabilities	47,092,096	47,092,096
	834,942,425	**641,157,844**

11. TRADE AND OTHER PAYABLES

Financial instruments:		
Roads Authority project administration and other fund creditors	219,896,771	269,589,608
Accrual Local Authorities and Traffic Law Enforcement	31,811,729	58,397,979
Fuel levy refund	38,022,832	34,148,792
Interest accrual - KfW Loans	20,273,303	14,444,319
Government Road Project	42,117,740	45,959,000
Non-financial instruments:		
Amounts received in advance - CBC/MDC Foreign	4,155,877	1,990,016
	356,278,252	**424,529,714**

Figures in Namibia Dollar	2020	2019

11. TRADE AND OTHER PAYABLES (CONTINUED)

Included in the Government Road project is an amount of N$42.1 million (2019: N$45.9 million) relating to government specific projects. These funds are kept in a separate bank account in the name of the Road Fund Administration.

These accounts are recorded in the books of the Road Fund Administration with a corresponding liability as disclosed above.

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	352,122,375	422,539,698
Non-financial instruments	4,155,877	1,990,016
	356,278,252	**424,529,714**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

12. REVENUE

Financial instrument and non-financial instrument components of trade and other payables

Fuel levies	1,550,906,380	1,500,272,583
Other Road User Charges	1,043,399,647	1,002,079,109
	2,594,306,027	**2,502,351,692**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

12. REVENUE (CONTINUED)

The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:

Vehicle licence fees	729,492,055	710,195,618
Cross border charges	160,269,891	137,420,557
Mass distance charges-local	107,453,500	100,997,613
Mass distance charges-foreign	35,459,652	41,116,865
Abnormal permit fees	9,397,926	11,018,851
Road carrier permit fees	1,326,623	1,329,605
	1,043,399,647	**1,002,079,109**

13. OTHER OPERATING INCOME

Admin sundry income	10,106,141	269,200
Other recoveries	386,335	-
	10,492,476	**269,200**

14. OPERATING SURPLUS/(DEFICIT)

Auditor's remuneration		
Audit fees	2,152,136	1,225,391
Depreciation and amortisation		
Depreciation of property, plant and equipment	3,236,116	2,471,040

Figures in Namibia Dollar	2020	2019

14. OPERATING SURPLUS/(DEFICIT) (CONTINUED)

Expenses by nature

The total operating expenses are analysed by nature as follows:		
Depreciation, amortisation and impairment	3,236,116	2,471,040
Other expenses	172,087,068	165,382,674
Fuel levy refunds	302,596,054	291,381,936
Local Authorities	108,368,153	102,603,855
National road network expenditure	1,770,766,271	1,723,865,972
	2,357,053,662	**2,285,705,477**

Stakeholders should take note that when comparing line item amounts in certain expense by nature categories compared with the 2019 Annual Report that some changes can be noted due to amounts having been reclassified for better presentation. However, the total amounts have remained unchanged.

15. INVESTMENT INCOME

Interest income		
Investments in financial assets:		
Bank and other cash	1,666,137	1,668,196
Trade and other receivables	471,974	30,337
Other financial assets	60,431,205	33,487,781
Total interest income	**62,569,316**	**35,186,314**

16. FINANCE COSTS

Non-current borrowings	63,360,157	49,123,143

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

17. CASH GENERATED FROM OPERATIONS

Surplus for the year	239,383,040	198,537,480
Adjustments for:		
Depreciation and amortisation	3,236,116	2,471,040
Interest income	(62,569,316)	(35,186,314)
Finance costs	63,360,157	49,123,143
Movements in retirement benefit assets and liabilities	(12,315,291)	(11,009,999)
Other non-cash items - IFRS 9 adjustments	-	(84,884,304)
Changes in working capital:		
Trade and other receivables	239,009,637	(85,631,721)
Trade and other payables	(68,251,462)	69,882,192
	401,852,881	**103,301,517**

18. CONTINGENCIES

In terms of section 17 (1)(i) of the Road Fund Administration Act, (Act 18 of 1999), the Road Fund Administration is obliged to utilise the money available in the Fund, to make payments, as the Minister may determine, in respect of the capital, interest, and incidental cost or charges of any loan obtained by the Government of Namibia, before the commencement of the Act, for any purpose related to the management of the national road network. The Ministry has not yet made a determination in this effect.

The Fund is severally liable for the liabilities of its related party the Road Authority (RA). The RA is profitable and is currently able to meet all of it present obligations. The RA estimated the leave provision for all RA employees at N$ 39.9 million. The Fund's management consider the provision as a contingent liability of the Fund. The liability may occur in the future depending on the outcome of further consultation between RA and RFA.

Figures in Namibia Dollar	2020	2019

19. RELATED PARTIES

Relationships	
RFA receives monies from Roads Authority (RA) that is collected for licence and abnormal load fees. RFA then distributes monies collected to RA for road maintenance, administration and systems	Roads Authority
RFA gives monies to the Local Authorities for urban road maintenance in respective Local Authority Councils.	Local Authorities
RFA receives monies from the Ministry for specific road projects.	Ministry of Works and Transport (Unutilised Project Funds)
RFA gives monies to the Traffic Law Enforcement Agencies for law enforcement in their respective jurisdictions.	Traffic Law Enforcement Agencies
RFA received loans from KfW	KfW Loans

Related party balances

	2020	2019
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Roads Authority	(162,957,145)	(195,501,996)
Local Authorities and Traffic law enforcement	(31,811,729)	(32,998,456)
KfW loan	(834,942,425)	(641,157,844)
Government Road Project	(42,117,740)	(45,959,000)

Related party transactions

	2020	2019
Payments made to related parties	1,770,766,271	1,723,865,972
Roads Authority	108,363,153	102,603,855
Local Authorities	13,400,847	26,382,533
Traffic Law Enforcement Agencies		

20. FAIR VALUE INFORMATION

Description of valuation method and inputs of another class of level 2 fair values.

No changes have been made to the valuation technique.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

21. GOVERNMENT ROAD PROJECTS

The Fund administers some bank accounts that are used to finance certain projects on behalf of the Government of the Republic of Namibia. The bank accounts are opened and operated by the Road Fund Administration.

The Road Fund Administration has recorded those accounts as restricted cash with corresponding amounts included in payables.

The balance at the end of the year is made up as follows:		
Balance at the beginning of the year	45,959,000	14,764,058
Payment during the year	(3,841,260)	31,194,942
	42,117,740	**45,959,000**
The amount is represented by:		
Project accounts included in bank balances	42,117,740	45,959,000

22. NATIONAL ROAD NETWORK EXPENDITURE

Roads Authority - NaTIS	22,412,108	31,331,735
Roads Authority - Construction and Rehabilitation	65,666,181	11,617,552
Roads Authority - Network Planning	22,985,299	13,112,817
Roads Authority - Maintenance	1,124,682,949	1,149,062,550
Roads Authority - Road Management	20,293,906	21,776,889
Roads Authority - Admin	481,348,098	437,008,335
Roads Authority - Road Transport Inspection	9,770,836	8,947,009
Roads Authority - Office Accommodation	1,602,558	33,658,062
Roads Authority - Business Systems	21,107,663	17,351,023
Roads Authority - IT Operations	896,673	-
	1,770,766,271	**1,723,865,972**

23. COMMITMENTS

The leases are renewable on an annual basis.

Figures in Namibia Dollar	2020	2019

24. NEW STANDARDS AND INTERPRETATIONS

24.1 Standards and interpretations effective and adopted in the current year

The Fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	1 January 2019	The impact of the amendments is not material.

24.2 Standards and interpretations not yet effective

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	Unlikely there will be a material impact

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Notes	2020	2019
Revenue			
Fuel levies		1,550,906,380	1,500,272,583
Other road user charges		1,043,399,647	1,002,079,109
	12	**2,594,306,027**	**2,502,351,692**
Other operating income			
Commissions received		10,106,141	269,200
Other recoveries		386,335	-
	13	**10,492,476**	**269,200**
Other operating gains (losses)			
Impairment loss on trade receivables		(7,570,960)	(4,441,106)
Expenses (Refer to page 163)		**(2,357,053,662)**	**(2,285,705,477)**
Operating profit	14	**240,173,881**	**212,474,309**
Investment income	15	62,569,316	35,186,314
Finance costs	16	(63,360,157)	(49,123,143)
Surplus/deficit for the year		**239,383,040**	**198,537,480**

The supplementary information presented does not form part of the annual financial statements and is unaudited

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Notes	2020	2019
Other operating expenses			
Advertising		(968,705)	(1,497,400)
Auditors remuneration	14	(2,152,136)	(1,225,391)
Bank charges		(6,836,843)	(6,441,915)
Cleaning		-	(32,317)
Computer expenses		-	(1,888,875)
Consulting and professional fees		(3,371,662)	(2,772,268)
Consumables		-	(153,251)
Depreciation		(3,236,116)	(2,471,040)
Development of RUCS		(2,470,723)	(333,119)
Donations		(11,346,196)	(557,572)
Entertainment		(123,402)	(421,850)
Fuel levy refunds		(302,596,054)	(291,381,936)
Gifts		(187,501)	(66,169)
IT expenses		(2,553,217)	104,963
Lease rentals on operating lease		-	(10,527)
Legal fees		(1,139,607)	(1,273,007)
Local Authorities		(108,368,153)	(102,603,855)
Minor asset expense		(222,980)	(22,087)
Municipal expenses		-	(273,319)
National road safety council		-	(1,186,628)
Printing and stationery		(23,403)	(15,111)
Protective clothing		-	(334,473)
Repairs and maintenance		(53,364)	-
Road Authority - Road maintenance and management		(1,770,766,271)	(1,723,865,972)
Security		-	(154,685)
Seminars and conferences		(207,388)	(882,110)
Staff wellness		(272,493)	-
Subsistence and travel		(180,496)	(526,139)
Technical Assistance AA		(10,080,292)	(10,007,512)
Traffic Law Enforcement agencies		(13,400,847)	(26,382,533)
Transfer to Administration Account		(116,495,813)	(109,029,379)
		(2,357,053,662)	**(2,285,705,477)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses with a view of achieving a safe and economically efficient road sector.
Directors	P Ithindi S Amunkete Z Stellmacher R Amadhila N Henok
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 10005
Bankers	Standard Bank Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Road Fund Administration Act, (Act 18 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring that the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 167 to 168.

The annual financial statements set out on pages 170 to 193, which have been prepared on the going concern basis, were approved by the directors on 13 August 2020 and were signed on their behalf by:

Approval of financial statements

____________________	____________________
Director	Director

Windhoek
13 August 2020

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT

To the SHAREHOLDER of ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

OPINION

We have audited the annual financial statements of ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT set out on pages 170 to 191, which comprise the statement of financial position as at 31 March 2020, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act, (Act 18 of 1999).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT annual financial statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Road Fund Administration Act, (Act 18 of 1999) and the Detailed Statement of Surplus or Deficit and other Comprehensive Income, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act, (Act 18 of 1999), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants
Per: RN Beukes - Partner
Windhoek
01 September 2020

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of the ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT for the year ended 31 March 2020.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Road Fund Administration is a Public Entity, established under the Road Fund Administration Act, (Act 18 of 1999). The Road Fund Administration provides administration framework within which the Road User Charging System is managed as contemplated by the Act.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality
P Ithindi	Chairperson	Non-executive	Namibian
S Amunkete	Director	Non-executive	Namibian
Z Stellmacher	Director	Non-executive	Namibian
R Amadhila	Director	Non-executive	Namibian
N Henok	Director	Non-executive	Namibian

3. EVENTS AFTER THE REPORTING PERIOD

On 23 March 2020 the President of the Republic of Namibia in response to the COVID-19 outbreak in the country declared a lockdown for the Erongo and Khomas regions. Afterwards, on 14 April 2020, the Namibian Government declared a nationwide lockdown from 17 April to 4 May 2020.

The state of emergency and associated lock down measures to contain the COVID-19 pandemic has had a significant and negative impact on the economy and on RFA operations including but not limited to slow revenue growth, reduction in funding to approved authorities and in curtailing of some operational and strategic initiatives.

At this point, the directors are not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

4. GOING CONCERN

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

5. AUDITORS

Grand Namibia was appointed as auditors for the RFA for the 2019/2020 financial year.

6. SECRETARY

The company secretary is Anna Matebele.

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in Namibia Dollar	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	4	3,737,279	4,159,147
Intangible assets	5	571,349	1,658,580
		4,308,628	**5,817,727**
Current Assets			
Trade and other receivables	6	29,473,010	710,872
Cash and cash equivalents	7	796,575	25,796,817
		30,269,585	**26,507,689**
Total Assets		**34,578,213**	**32,325,416**
Equity and Liabilities			
Equity			
Retained income		14,040,398	13,482,582
Liabilities			
Non-Current Liabilities Provisions	8	11,692,568	10,443,385
Current Liabilities			
Trade and other payables	9	8,845,247	8,399,449
Total Liabilities		**20,537,815**	**18,842,834**
Total Equity and Liabilities		**34,578,213**	**32,325,416**

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Note(s)	2020	2019
Transfer from Fund and other income		116,738,104	109,245,283
Other operating expenses		(116,233,534)	(106,410,859)
Operating surplus		**504,570**	**2,834,424**
Investment income		53,246	823
Surplus for the year		**557,816**	**2,835,247**

STATEMENT OF CHANGES IN EQUITY

Figures in Namibia Dollar	Retained income	Total equity
Balance at 1 April 2018	**10,647,335**	**10,647,335**
Surplus for the year	2,835,247	2,835,247
Balance at 1 April 2019	**13,482,582**	**13,482,582**
Surplus for the year	557,816	557,816
Balance at 31 March 2020	**14,040,398**	**14,040,398**

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF CASH FLOWS

Figures in Namibia Dollar	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from customers		116,738,104	109,245,283
Cash paid to suppliers and employees		(140,485,321)	(100,967,894)
Cash (used in)/generated from operations	13	(23,747,217)	8,277,389
Interest income		53,246	823
Net cash from operating activities		**(23,693,971)**	**8,278,212**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,277,876)	(714,809)
Purchase of other intangible assets	5	(28,396)	(34,775)
Net cash from investing activities		**(1,306,272)**	**(749,584)**
Total cash movement for the year		(25,000,243)	7,528,628
Cash at the beginning of the year		25,796,817	18,268,189
Total cash at end of the year		**796,575**	**25,796,817**

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with International Financial Reporting Standards and the Road Fund Administration Act. The annual financial statements have been prepared on the historical cost basis, except for measurement of certain financial instruments at fair value, and incorporated the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

Trade receivables

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Impairment testing

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Fund replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Post retirement medical aid obligation

Employees of the Roads Authority are entitled to post-retirement medical aid benefits. The obligation for post-retirement medical aid benefits to employees is actuarially determined in respect of employees. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

ACCOUNTING POLICIES (CONTINUED)

1.3 Significant judgements and sources of estimation uncertainty (continued)

The directors resolved to provide for this liability in terms of IAS19R- "Employee Benefits". The movement in the balance of the provision is included in the income statement in terms of the statutory funding arrangements as set out in the applicable Roads Authority Act, (Act 17 of 1999) and the Road Fund Administration Act, (Act 18 of 1999).

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Fund holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Fund, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or is derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
Land	Straight line	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

ACCOUNTING POLICIES (CONTINUED)

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

1.6 Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, with the exception of trade receivables without a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through surplus and deficit (FVTSD).

1.6 Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Fund recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date. The Fund measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in surplus or deficit as impairment loss on trade receivables. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term liquid investments with original maturities of less than twelve months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Other financial assets

Other financial assets are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line item. Fair value is determined in the manner described in note 12.

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime Expected Credit Loss (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Other financial assets are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line item. Fair value is determined in the manner described in note 12.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of

ACCOUNTING POLICIES (CONTINUED)

1.6 Financial instruments (continued)

lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Fund considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

ACCOUNTING POLICIES (CONTINUED)

1.6 Financial instruments (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in surplus or deficit as an Impairment loss on Trade and other receivables.

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Fund's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the Fund's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

ACCOUNTING POLICIES (CONTINUED)

1.6 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities
Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings are recognised over the term of the borrowings in accordance with the Fund's accounting policy for borrowing costs.

Derecognition of financial liabilities
The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

1.7 Tax

Income Taxation
The Road Fund Administration is a Public Fund in terms of the Income Tax Act and is consequently exempt from income taxation. The Fund was deregistered for VAT in April 2006 since it is not deemed to be a VAT vendor.

1.8 Leases

Fund as lessee
The Fund assesses whether a contract is or contains a lease, at inception of the contract. The Fund recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture, equipment and telephones). For these leases, the Fund recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Fund uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

ACCOUNTING POLICIES (CONTINUED)

1.8 Leases (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Fund remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Fund did not make any such adjustments during the periods presented.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Fund incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Fund expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Fund applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

1.9 Impairment of assets

The Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
The recoverable amount of an asset or a cash-generating unit is

ACCOUNTING POLICIES (CONTINUED)

1.9 Impairment of assets (continued)

the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Fund assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.11 Provisions and contingencies

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating deficit.

1.12 TRANSFER FROM FUND AND OTHER INCOME

Investment Income
Interest is recognised, in surplus or deficit, using the effective interest rate method

1.13 TRANSFER FROM FUND ACCOUNT

Revenue comprise of fair value of grants received and receivable from the Fund Account of the Road Fund Administration. Revenue is recognised at nominal value on accrual basis.

The Fund recognises revenues from non-exchange transactions when the event occurs and the resulting asset's recognition criteria are met.

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

(a) it is probable that the future economic benefits associated with the asset will flow to the entity; and
(b) the fair value of the asset can be measured reliably.

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the Fund has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of- use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the Fund's annual financial statements is described below.

The Fund has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 April 2019.

Leases where Fund is lessee

Leases previously classified as operating leases

The Fund undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Fund's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The Fund did not apply IAS 36 to consider if these right-of-use assets are impaired, but rather applied the practical expedient of IFRS 16 par C10(b). In accordance with this practical expedient, the carrying amounts were adjusted with the amount of any onerous provision which existed immediately prior to the date of initial application.

The Fund applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Fund applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Leases previously classified as finance leases

For leases that were classified as finance leases applying IAS 17, the Fund measured the carrying amount of the right-of-use asset and the lease liability at the date of initial application as the carrying amount of the leased asset and lease liability immediately before that date measured applying IAS 17. For those leases, the Fund accounts for the right-of-use asset and the lease liability applying IFRS 16 from the date of initial application.

The Fund did not have any leases previously classified finance leases.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

2. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact on financial statements

On transition to IFRS 16, the Fund have determined that the additional right-of-use assets amounting to N$ 810,510.00 and lease liabilities amounting to that would have been recognised in the financial statements is immaterial.

When measuring lease liabilities, Fund discounted lease payments using its incremental borrowing rate at 1 April 2019. The rate applied is 10.25% which is equivalent to the prime rate.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

	Note(s)	Amortised	Total	Fair value
2020				
Trade and other receivables	6	29,396,860	29,396,860	29,396,860
Cash and cash equivalents	7	796,575	796,575	796,575
		30,193,435	**30,193,435**	**30,193,435**
2019				
Trade and other receivables	6	586,683	586,683	586,683
Cash and cash equivalents	7	**25,796,817**	**25,796,817**	**25,796,817**
		26,383,500	**26,383,500**	**26,383,500**

Financial risk management

Overview

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The fair values of all the Fund's financial assets (cash and cash equivalent, other financial assets, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature.

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade debtors arise from grants received and receivable from the Fund Account of the Road Administration. It is managed based on the approved budget and fund transfers between the two entities.

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The maximum exposure to credit risk is presented in the table below:

	2020			2019		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	29,396,860	-	29,396,860	586,683	-	586,683
Cash and cash equivalents	796,575	-	796,575	25,796,817	-	25,796,817
	30,193,435	**-**	**30,193,435**	**26,383,500**	**-**	**26,383,500**

Liquidity risk

The Fund is exposed to liquidity risk, which is the risk that the Fund will encounter difficulties in meeting its obligations as they become due.

The Fund manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows (i.e the Funds manages liquidity risk through an ongoing review of future commitments). The financing requirements are met through cash generated from operations.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

As at 31 March 2020- N$

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Current liabilities					
Trade and other payables		8,845,247	-	-	-

As at 31 March 2019 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Current liabilities					
Trade and other payables	9	8,399,449	-	-	-

Figures in Namibia Dollar	2020	2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate.

The Fund's interest rate risk results mainly from its exposure to interest on short term funds invested. Any realistic fluctuation in interest rates would not have a material impact on the Fund's surplus and equity.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on surplus or deficit:				
Cash and cash equivalent	7,966	(7,966)	257,968	(257,968)
Impact on equity:				
Cash and cash equivalent	7,966	(7,966)	257,968	(257,968)
Total impact on surplus or deficit and equity	**15,932**	**(15,932)**	**515,936**	**(515,936)**

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	3,168,122	(1,274,847)	1,893,275	3,077,746	(991,072)	2,086,674
Motor vehicles	3,591,605	(2,779,925)	811,680	3,591,605	(2,134,638)	1,456,967
Office equipment	534,292	(495,658)	38,634	519,379	(396,596)	122,783
Computer equipment	5,627,868	(4,634,178)	993,690	4,455,281	(3,962,558)	492,723
Total	**12,921,887**	**(9,184,608)**	**3,737,279**	**11,644,011**	**(7,484,864)**	**4,159,147**

Figures in Namibia Dollar	2020	2019

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	2,086,674	90,376	(283,775)	1,893,275
Motor vehicles	1,456,967	-	(645,287)	811,680
Office equipment	122,783	14,913	(99,062)	38,634
Computer equipment	492,723	1,172,587	(671,620)	993,690
	4,159,147	**1,277,876**	**(1,699,744)**	**3,737,279**

Reconciliation of property, plant and equipment - 2019

Furniture and fixtures	1,968,579	397,747	(279,652)	2,086,674
Motor vehicles	2,175,288	-	(718,321)	1,456,967
Office equipment	171,679	52,913	(101,809)	122,783
Computer equipment	886,987	264,149	(658,413)	492,723
	5,202,533	**714,809**	**(1,758,195)**	**4,159,147**

Pledges and security

There were no assets pledged for security during the year under review (2019: none)

5. INTANGIBLE ASSETS

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	9,531,323	(8,959,974)	571,349	9,502,927	(7,844,347)	1,658,580

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software (Work in progress)	1,658,580	28,396	(1,115,627)	571,349

Reconciliation of intangible assets - 2019

Computer software (Work in progress)	3,088,306	34,775	(1,464,501)	1,658,580

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

6. TRADE AND OTHER RECEIVABLES

Financial instruments:		
Trade receivables	29,000,000	-
Sundry debtors	396,860	586,683
Non-financial instruments:		
Employee costs in advance	76,150	124,189
Total trade and other receivables	**29,473,010**	**710,872**

Split between non-current and current portions

Current assets	29,473,010	710,872

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	29,396,860	586,683
Non-financial instruments	76,150	124,189
	29,473,010	**710,872**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	2,557	40
Bank balances	794,018	25,796,777
	796,575	**25,796,817**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

7. CASH AND CASH EQUIVALENTS (CONTINUED)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2020	2019
Credit rating		
Standard Bank (BB+ Fitch credit ratings)	794,018	25,796,777

8. PROVISIONS

Reconciliation of provisions - 2020

	Opening balance	Utilised during the	Total
Leave pay provision	4,577,633	(65,170)	4,512,463
Severance pay provision	5,865,752	1,314,353	7,180,105
	10,443,385	**1,249,183**	**11,692,568**

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Leave pay provision	4,492,773	84,860	4,577,633
Severance pay provision	4,645,586	1,220,166	5,865,752
	9,138,359	**1,305,026**	**10,443,385**

Provision for severance pay

In accordance with Section 35 (1) of the Namibia Labour Act, 2007, severance benefits are payable to an employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years.

The statutory termination benefits provided are classified as defined benefits and are determined based on one week's salary/wages of each completed year of service.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

9. TRADE AND OTHER PAYABLES

Financial instruments:		
Trade payables	527,221	1,051,976
Other payables	8,318,026	7,347,473
	8,845,247	**8,399,449**

Other payables related to PAYE and salary control.

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	8,845,247	8,399,450

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

10. CAPITAL CONTRIBUTION

Transfer from Fund	116,495,813	109,029,379
Sundry income	242,291	215,904
	116,738,104	**109,245,283**

11. OPERATING SURPLUS (DEFICIT)

Operating surplus (deficit) for the year is stated after charging (crediting) the following, amongst others:

Depreciation and amortisation		
Depreciation of property, plant and equipment	1,699,744	1,758,195
Amortisation of intangible assets	1,115,627	1,464,501

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

11. OPERATING SURPLUS (DEFICIT) (CONTINUED)

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2020	2019
Employee costs	92,279,376	83,133,601
Lease expenses	220,606	241,145
Depreciation, amortisation and impairment	2,815,371	3,222,696
Other expenses	20,918,181	19,813,417
	116,233,534	**106,410,859**

Stakeholders should take note that when comparing line item amounts in certain expense by nature categories compared with the 2019 Annual Report that some changes can be noted due to amounts having been reclassified for better presentation. However, the total amounts have remained unchanged.

12. INVESTMENT INCOME

	2020	2019
Interest income		
Investments in financial assets:		
Interest on current account	53,246	823

13. CASH (USED IN)/GENERATED FROM OPERATIONS

	2020	2019
Surplus for the year	557,816	2,835,247
Adjustments for:		
Depreciation and amortisation	2,815,371	3,222,696
Interest income	(53,246)	(823)
Movements in provisions	1,249,183	1,305,026
Changes in working capital:		
Trade and other receivables	(28,762,138)	11,294
Trade and other payables	445,797	903,950
	(23,747,217)	**8,277,390**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Namibia Dollar	2020	2019

14. RELATED PARTIES

Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Road Fund Administration - Fund Account	29,000,000	-
Related party transactions		
Funds transferred from the Fund		
Road Fund Administration - Fund Account	116,495,813	109,029,379
Compensation to directors and other key management		
Directors Emoluments - Board	885,224	838,988

15. NEW STANDARDS AND INTERPRETATIONS

15.1 Standards and interpretations effective and adopted in the current year

In the current year, the Fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	1 January 2019	The impact of the amendments is not material.

15.2 Standards and interpretations not yet effective

The Fund has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Fund's accounting periods beginning on or after 1 April 2020 or later periods:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	Unlikely there will be a material impact

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar		2020	2019
Transfer from Fund and other income			
Sundry Income		242,291	215,904
Transfer from Fund		116,495,813	109,029,379
	10	**116,738,104**	**109,245,283**
Expenses (Refer to page 193)		**(116,233,534)**	**(106,410,859)**
Operating surplus	11	504,570	2,834,424
Investment income	12	53,246	823
Surplus for the year		**557,816**	**2,835,247**

The supplementary information presented does not form part of the annual financial statements and is unaudited

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	Notes	2020	2019
Other operating expenses			
Advertising		(601,732)	(309,511)
Amortisation		(1,115,627)	(1,464,501)
Bank charges		(50,981)	(41,037)
Cleaning		(498,637)	(582,663)
Computer expenses		(1,078,304)	(1,165,911)
Consulting and professional fees		(339,683)	(552,383)
Consumables		(413,984)	(376,128)
Depreciation		(1,699,744)	(1,758,195)
Donations		(534,410)	(292,390)
Employee costs		(92,279,376)	(83,133,601)
Entertainment		(906,838)	(696,105)
Training levy		(820,858)	(747,902)
Seminars & conferences		(126,307)	(188,948)
Equipment Hire		-	(3,036)
Insurance		(348,381)	(328,019)
IT expenses		(1,638,874)	(2,172,126)
Lease rentals on operating lease		(220,606)	(241,145)
Motor vehicle expenses		(518,579)	(377,561)
Municipal expenses		(1,102,468)	(1,031,616)
Packaging		(74,463)	(75,490)
Postage		(234,493)	(198,696)
Printing and stationery		(1,421,447)	(806,079)
Promotions		(317,044)	(317,350)
Repairs and maintenance		(493,907)	(554,131)
Security		(2,772,881)	(2,460,667)
Staff wellness		(227,034)	(123,632)
Subscriptions		(694,790)	(745,259)
Telephone and fax		(986,250)	(829,511)
Training		(756,200)	(1,084,104)
Subsistence and travel		(3,959,636)	(3,753,162)
		(116,233,534)	**(106,410,859)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

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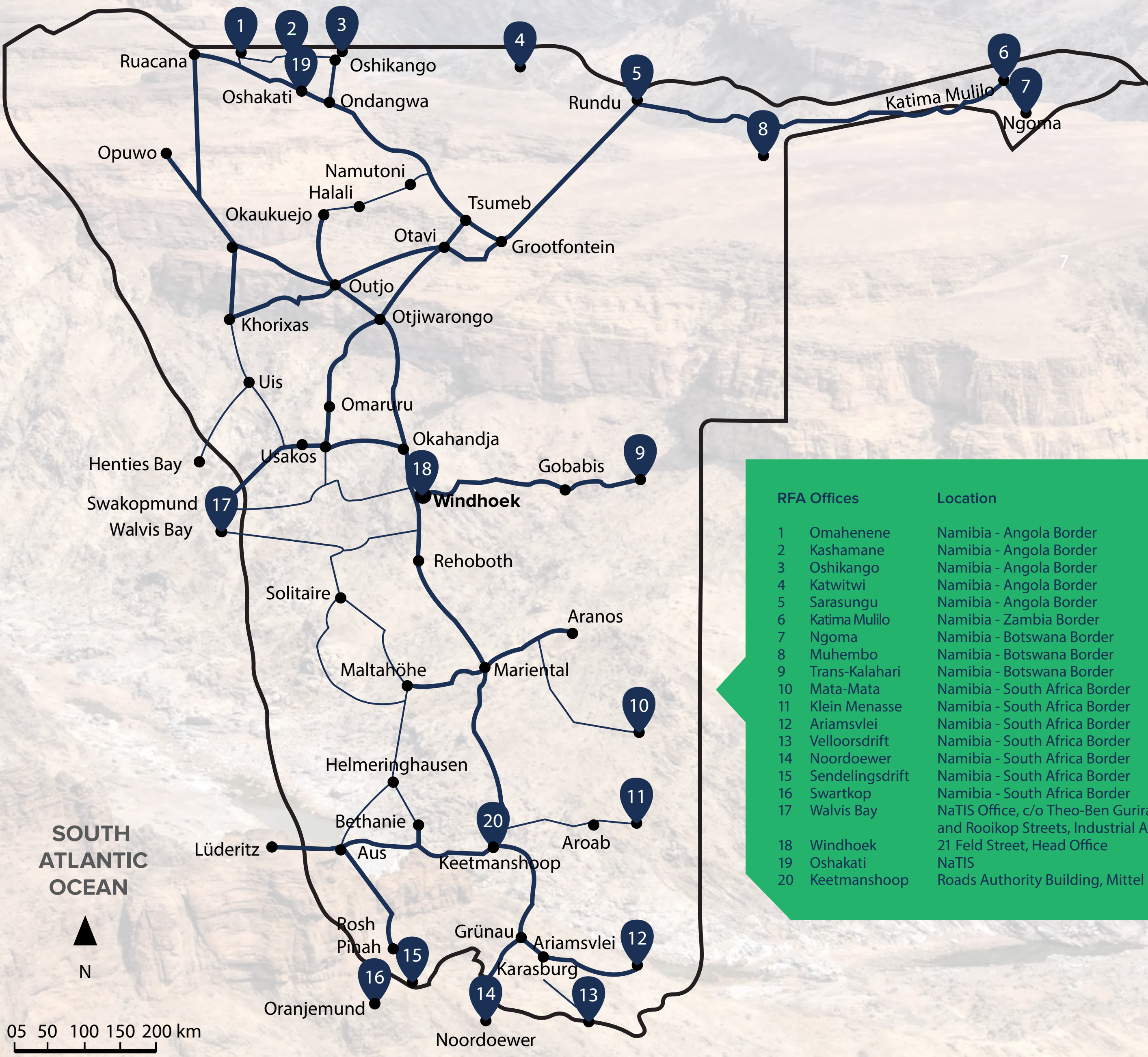

RFA Offices		Location
1	Omahenene	Namibia - Angola Border
2	Kashamane	Namibia - Angola Border
3	Oshikango	Namibia - Angola Border
4	Katwitwi	Namibia - Angola Border
5	Sarasungu	Namibia - Angola Border
6	Katima Mulilo	Namibia - Zambia Border
7	Ngoma	Namibia - Botswana Border
8	Muhembo	Namibia - Botswana Border
9	Trans-Kalahari	Namibia - Botswana Border
10	Mata-Mata	Namibia - South Africa Border
11	Klein Menasse	Namibia - South Africa Border
12	Ariamsvlei	Namibia - South Africa Border
13	Velloorsdrift	Namibia - South Africa Border
14	Noordoewer	Namibia - South Africa Border
15	Sendelingsdrift	Namibia - South Africa Border
16	Swartkop	Namibia - South Africa Border
17	Walvis Bay	NaTIS Office, c/o Theo-Ben Gurirab and Rooikop Streets, Industrial Area
18	Windhoek	21 Feld Street, Head Office
19	Oshakati	NaTIS
20	Keetmanshoop	Roads Authority Building, Mittel Street

ABBREVIATIONS

AAs	Approved Authorities
AIRCC	Audit, Investment, Risk and Compliance Committee
ARMFA	African Road Maintenance Fund Association
Bl-km	Blade kilometre
CCTV	Close Circuit Television
CBCs	Cross Borger Charges
CEO	Chief Executive Officer
CPBN	Central Procurement Board of Namibia
DR	Disaster Recovery
EDRMS	Electronic Document and Records Management System
ERM	Enterprise Risk Management
ERMS	Emergency Medical Rescue Services
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FY	Financial Year
HPP	Harambee Prosperity Plan
GDP	Gross Domestic Product
HPP	Harambee Prosperity Plan
ICT	Information, Communication and Technology
IRF	International Road Federation
ISBP	Integrated Strategic Business Plan
KfW	Kreditanstalt für Wiederaufbau
LAs	Local Authorities
MDCs	Mass Distance Charges
MLTRMP	Medium to Long-Term Road Master Plan
NamCode	Corporate Governance Code for Namibia
NAMPOL	Namibian Police
NaTIS	Namibia Traffic Information System
NCCI	Namibia Chamber of Commerce and Industry
NDP5	Fifth National Development Plan
NRSC	National Road Safety Council
PMPA	Programme Management, Policy and Advice
RA	Roads Authority
RCs	Regional Councils
RFA	Road Fund Administration
RF	Road Fund
RUCs	Road User Charges
RUCS	Road User Charging System
SADC	Southern African Development Community
TLE	Traffic Law Enforcement
VAT	Value Added Tax
WBCG	Walvis Bay Corridor Group
WAN	Wide Area Network
WEF	World Economic Forum

RFA
Road Fund Administration
Funding roads, steering growth.

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Acknowledgments
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